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Checklists and illustrative financial statements for state and local governmental units : a financial reporting practice aid, May 1995 edition

American Institute of Certified Public Accountants. Technical Information Division

Karyn Waller

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AICPA

**MAY 1995
EDITION**

Checklists and Illustrative Financial Statements for State and Local Governmental Units

*A Financial Accounting and
Reporting Practice Aid*

AMERICAN

INSTITUTE OF

CERTIFIED

PUBLIC

ACCOUNTANTS

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS IN THE SERIES

Checklists and Illustrative Financial Statements for Corporations

Checklist Supplements and Illustrative Financial Statements

- Checklist Supplement and Illustrative Financial Statements for Construction Contractors*
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- Checklists and Illustrative Financial Statements for Agricultural Cooperatives*
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- Checklists and Illustrative Financial Statements for Savings Institutions*
- Checklists and Illustrative Financial Statements for State and Local Governmental Units*

AICPA

**MAY 1995
EDITION**

Checklists and Illustrative Financial Statements for State and Local Governmental Units

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*A Financial Accounting and
Reporting Practice Aid*

*Edited by
Karyn M. Waller, CPA
Technical Manager, Technical Information Division*

*Checklists and Illustrative Financial Statements for
State and Local Governmental Units has not been
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FSP Section 3000

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS FOR STATE AND LOCAL GOVERNMENTAL UNITS

.01 The checklists and illustrative financial statements included in this section have been developed by the staff of the Technical Information Division of the AICPA as nonauthoritative technical practice aids for use in audits of financial statements of state or local governmental units. They are not designed to be applied to the financial statements of colleges, universities, hospitals, or not-for-profit organizations. The checklists cover GAAP disclosures applicable to general purpose financial statements ("GPFS") and do not address additional disclosures applicable only to a comprehensive annual financial report ("CAFR"). Readers should be aware of the following:

- The checklists and illustrative financial statements do not include all disclosures and presentation items promulgated. Pronouncements deemed remote for audits of state and local governments are not included in this document.
- The checklists and illustrative financial statements and reports are "tools" and in no way represent official positions or pronouncements of the AICPA.
- The checklists and illustrative financial statements and reports have been updated to include relevant accounting pronouncements through Governmental Accounting Standards Board Statement No. 27 (GASB 11, *Measurement Focus and Basis of Accounting—Governmental Fund Operating Statements*, has not been included in the checklists due to the delay of its effective date to an indefinite time period), AICPA Audit and Accounting Guide, *Audits of State and Local Governmental Units*, AICPA Statement on Auditing Standards No. 74, FASB Statement of Financial Accounting Standards No. 120, FASB Interpretation No. 41, FASB Technical Bulletin No. 94-1, GASB Technical Bulletin 94-1, and AICPA Statement of Position No. 95-1. The checklists and illustrative financial statements and reports should be modified, as appropriate, for subsequent pronouncements. In determining the applicability of a pronouncement, its effective date should also be considered.
- The checklists and illustrative financial statements and reports should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of generally accepted accounting principles and generally accepted auditing standards. A thorough knowledge of the provisions of the Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements, and the U.S. General Accounting Office's *Government Auditing Standards* (GAO's Standards for Audit, 1994 Revision), is required for proper implementation of the checklists.
- In June 1994, the U.S. General Accounting Office issued a revision to *Government Auditing Standards* ("Yellow Book"), which superseded the 1988 revision. Its provisions are effective for financial statement audits of periods ending on or after January 1, 1995 and for performance audits beginning on or after January 1, 1995. Early application is permissible. In August 1994, the AICPA issued a revision to the AICPA Audit and Accounting Guide, *Audits of State and Local Governmental Units*, which is effective for financial statement audits for fiscal periods ending after September 15, 1994, with early application encouraged. Both of the new releases have been incorporated into the checklists.

.02 Users of the checklists and illustrative financial statements and reports are urged to refer directly to applicable authoritative pronouncements when appropriate. If you have further questions, call the AICPA Technical Hotline.

Note: This publication was extracted from sections 3,000 through 3,600 of the *AICPA Financial Statement Preparation Manual* (FSP).

FSP Section 3100

Introduction

.01 An increasing number of state and local governments are preparing financial statements in conformity with generally accepted accounting principles ("GAAP"), and more of those statements are being audited in accordance with generally accepted auditing standards ("GAAS"). The increased demand for improved financial reporting has resulted in a number of recent significant changes in government financial reporting.

Accounting Standards

.02 Since its establishment in 1984, the Governmental Accounting Standards Board ("GASB") has been the primary source of generally accepted accounting principles for governments. According to SAS 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles in the Independent Auditor's Report"* (AICPA Professional Standards, AU Sec. 411), statements and interpretations issued by the GASB are recognized within category (a) as a source of established accounting principles. These are defined as "accounting principles promulgated by a body designated by the AICPA Council to establish such principles, pursuant to Rule 203 (ET section 203.01) of the AICPA Code of Professional Conduct." The GASB's first pronouncement, *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guides*, issued in June 1984, endorsed prior statements and interpretations of the National Council on Governmental Accounting ("NCGA"). This position was reiterated by the GASB on November 1, 1984, with the publication of its *Codification of Governmental Accounting and Financial Reporting Standards*. Since that time, additional GASB statements, interpretations, and technical bulletins have been issued and are included in the codification.

Auditing Standards

.03 In February 1995, the AICPA issued SAS 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*, that provides guidance for performing audits under generally accepted auditing standards, generally accepted government auditing standards, and certain other circumstances involving governmental financial assistance. Circular A-128 was issued as the implementing regulation for the Single Audit Act. The Act, along with Circular A-128, established detailed auditing and reporting requirements for governmental units receiving \$100,000 or more of federal assistance in any fiscal year. The Office of Management and Budget (OMB) is currently working on proposed revisions to its Circular A-133, *Audits of Higher Education and Other Nonprofit Institutions* which will also address Circular A-128 issues. The new circular is expected to supersede Circular A-128.

FSP Section 3200

Checklists—General

.01 Many auditors and accountants find it helpful to use checklists as practice aids to prepare financial statements and reports. Some firms have developed checklists in-house for internal use. Some commercial publishers also include checklists in certain of their publications. However, authoritative literature does not require the use of such checklists, nor does it prescribe their format or content.

.02 Checklists typically consist of a number of brief questions or statements that are accompanied by references to the accounting or auditing literature. The extent of detail included in checklists varies with the judgment of the preparers. Accordingly, checklists may serve as convenient memory aids but cannot be used as a substitute for direct reference to the authoritative literature.

.03 Checklists usually provide for checking off or initialing each question or point to show that it has been considered. The format used herein is a typical one; it provides for "yes," "no," and "not applicable" answers and presumes that remarks would be prepared on separate cross-referenced memorandums. Some preparers, however, prefer to include space for remarks in the body of the checklist while others prefer alternative checklist formats. For example, a checklist format may provide for the following set of answers: "not applicable," "not material," "in statements" and "in note" (with provisions for indicating a cross-reference to the specific statement caption or note). Another format may provide for only two answers, "disclosed" and "not applicable." Firms and practitioners who develop their own checklists should adopt formats that suit their needs and preferences.

.04 Checklists are generally accompanied by caveats that include all of the following points:

- Use of the checklists requires the exercise of individual professional judgment and may likely require some modification based on the circumstances of individual engagements.
- The checklists are not all-inclusive and are not intended to present minimum requirements.
- Users need to modify the checklists for any pronouncements issued subsequent to those mentioned in the checklists.

.05 If widespread circulation is expected, the preparers also generally stress the nonauthoritative or unofficial status of the checklists and disclaim responsibility for the way they may be used.

FSP Section 3300

Financial Statements and Notes Checklist

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid.

This checklist is organized into the sections listed below. Carefully review the topics listed and consider whether they represent potential disclosure items for the governmental entity. Place a check mark by the topics or sections considered not applicable; these sections need not be completed. For example, if the entity did not have any derivatives, place a check by General, Section F, "Derivatives", and skip this section when completing the checklist. Please note that if your company has the AICPA's Audit Program Generator (APG), you can directly modify both the checklist and audit program to include only the items from the index below that are applicable to your client.

● General

- A. Titles and Memoranda _____
- B. Significant Accounting Policies _____
- C. Accounting Changes _____
- D. Comparative Financial Statements _____
- E. Financial Instruments _____
- F. Derivatives _____
- G. Nonmonetary Transactions _____
- H. Contingencies and Commitments _____
- I. Subsequent Events _____
- J. Related-Party Transactions _____
- K. Component Units _____
- L. Pensions _____
- M. Postemployment Benefits Other Than Pensions _____
- N. Deferred Compensation Plans _____
- O. Special Assessments _____
- P. Public Entity Risk Pools _____
- Q. Entities Other Than Risk Pools _____

● Combined Balance Sheet

- A. Titles, References, and Content _____
- B. Cash and Investments _____
- C. Notes and Accounts Receivable _____
- D. Inventories _____
- E. Investments and Joint Ventures _____
- F. Jointly Governed Organizations _____
- G. Component Units and Related Organizations with Joint Venture Characteristics _____
- H. Undivided Interests _____
- I. Fixed Assets _____
- J. Lessors _____
- K. Intangible Assets _____
- L. Liabilities _____
- M. Lessees _____
- N. General Long-Term Debt _____
- O. Fund Balance _____
- P. Other _____

● Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types and Discretely Presented Component Units

- A. General _____
- B. Property Taxes _____
- C. Grants, Entitlements, or Shared Revenues _____

D. Construction-Type Contracts	_____
E. Expenditures	_____
F. Depreciation	_____
G. Transfers	_____
H. Budgetary Reporting	_____
● Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types	
A. General	_____
● Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented component Units	
A. General	_____
B. Extraordinary Items	_____
C. Interest	_____
D. Residual Equity and Operating Transfers	_____
E. Depreciation	_____
F. Futures Contracts	_____
G. Research and Development Costs	_____
H. Changes in Fund Balances/Retained Earnings	_____
I. Segment Information	_____
● Combined Statement of Cash Flows—All Proprietary Fund Types and Discretely Presented Component Units	
A. Title	_____
B. Format and Policy	_____
C. Classification of Cash Receipts and Cash Payments	_____
D. Content and Form	_____
E. Noncash Investing, Capital, and Financing Activities	_____
● Appendix A—GASB 10, <i>Accounting and Financial Reporting for Risk Financing and Related Insurance Issues</i>	_____
● Appendix B—GASB 21, <i>Accounting for Escheat Property</i>	_____
● Appendix C—GASB 23, <i>Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities</i>	_____
● Appendix D—GASB 24, <i>Accounting and Financial Reporting for Certain Grants and Other Financial Assistance</i>	_____
● Appendix E—GASB 25, <i>Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans</i>	_____
● Appendix F—GASB 26, <i>Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans</i>	_____
● Appendix G—GASB 27, <i>Accounting for Pensions by State and Local Governmental Employees</i>	_____
● Auditors' Reports Checklist	_____
● Auditors' Reports on Audits Performed Under Government Auditing Standards and OMB Circular A-128 Checklist	_____

.02 Explanation of References:

GASB = Governmental Accounting Standards Board Statement

GASBI = Governmental Accounting Standards Board Interpretation

GASB Cod. Sec. = GASB Codification Section

GTB = Technical Bulletin issued by the staff of the GASB

NCGA = National Council on Governmental Accounting Statement

NCGAI = National Council on Governmental Accounting Interpretation

AAG-SLG = AICPA Audit and Accounting Guide, *Audits of State and Local Governmental Units*, (1994 edition)

SAS = AICPA Statement on Auditing Standards

AU = References to section number in AICPA *Professional Standards* (vol. 1)

SFAS = AICPA Statement of Financial Accounting Standards

AC = Reference to section number in FASB *Accounting Standards—Current Text*

FASBI = FASB Financial Accounting Standards Board Interpretation

FTB = Technical Bulletin issued by the staff of the FASB

APB = AICPA Accounting Principles Board Opinion

ARB = AICPA Accounting Research Bulletin

SOP = AICPA Statement of Position

TPA = AICPA Technical Practice Aid

SSAE = Statements on Standards for Attestation Engagements

.03 Checklist Questionnaire

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
I. General			
A. Titles and Memoranda			
1. Are all financial statements titled properly? [NCGA 1, par. 143 (GASB Cod. Sec. 2200.109); SAS 62, par. 7 (AU 623.07)]	_____	_____	_____
2. If totals by account are presented in the General Purpose (GPFS) or Component Unit (CUFS) Combined Financial Statements, are totals noted as memoranda only? [GASB Cod. Sec. 2200.117; AAG-SLG, par. 18.10]	_____	_____	_____
3. When the financial statements are prepared in conformity with GAAP, do the fund types used conform to those described in GASB Cod. Sec. 1300.104? [NCGA 1, pars. 19, 20, and 26; GASB 6, par. 13 (GASB Cod. Sec. 1300.104)]	_____	_____	_____
B. Significant Accounting Policies			
1. Is a summary of significant accounting policies shown as the initial note to the financial statements or as a stand-alone summary? [NCGAI 6, pars. 6—8 (GASB Cod. Sec. 2300.108—.110); APB 22, par. 8 (AC A10.102)]	_____	_____	_____
2. If the summary of significant accounting policies is shown as a stand-alone summary, is each page of the GPFS referenced to that summary and to the notes? [NCGAI 6, par. 8 (GASB Cod. Sec. 2300.110)]	_____	_____	_____
3. Does the summary of significant accounting policies address the following:			
a. Criteria used to determine the scope of the reporting entity? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); GASB 14, par. 61 (GASB Cod. Sec. 2600.124)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Revenue and expenditure/expense recognition policies (e.g., measurement focus and basis of accounting)? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, pars. 62—63, 66—67, 69, 70, 72, 73 and 91; NCGA 4, pars. 16—17 as amended by GASB 17; NCGAI 3; GASB 6, pars. 14, 15, and 17; GASB 16, par. 13; GASB 17, par. 6 (GASB Cod. Sec. 1600.106—.124); AAG-SLG, par. 8.17]	_____	_____	_____
c. Method of encumbrance accounting and reporting? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.104a); NCGA 1, pars. 91—92 (GASB Cod. Sec. 1700.129—.130)]	_____	_____	_____
d. Policy regarding reporting infrastructure assets, including budgetary accounting? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, par. 40 (GASB Cod. Sec. 1400.109)]	_____	_____	_____
e. Policy regarding capitalization of interest costs incurred during construction of fixed assets? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106a); NCGA 1, par. 48 (GASB Cod. Sec. 1400.111)]	_____	_____	_____
f. The extent to which fixed asset costs are estimated and the methods of estimation? [NCGA 1, par. 49 (GASB Cod. Sec. 1400.112); NCGAI 6, par. 5 (GASB Cod. Sec. 2300.107m)]	_____	_____	_____
g. The use of the modified accrual basis for governmental fund types? [NCGA 1, par. 61 (GASB Cod. Sec. 1600.105)]	_____	_____	_____
h. Basis of presentation—fund accounting, including fund categories/generic fund types, account groups, and the effects of component units with differing fiscal year-ends? [NCGAI 6, App. (GASB Cod. Sec. 2300.901)]	_____	_____	_____
i. Policy regarding expenditure recognition of inventories—purchase or consumption method? [NCGA 1, par. 73 and GASB 6, par. 15 (GASB Cod. Sec. 1600.122a)]	_____	_____	_____
j. Policy regarding vacation and sick leave? [NCGA 4 and GASB 16 (GASB Cod. Sec. C60)]	_____	_____	_____
k. Policy regarding investments? [GTB 87-1 (GASB Cod. Sec. I50)]	_____	_____	_____
4. For fiduciary funds, does disclosure of significant accounting policies include:			
a. The basis of accounting for each of the fiduciary fund types?	_____	_____	_____
b. A description of the funds in use?	_____	_____	_____
c. The carrying basis of investments?	_____	_____	_____
d. An explanation of any reservations of fund balance? [AAG-SLG, par. 14.13]	_____	_____	_____
C. Accounting Changes			
1. For an accounting change, does disclosure in the period of the change include:			
a. Nature of the change?	_____	_____	_____
b. Justification for the change and a clear explanation of the newly adopted principle?	_____	_____	_____
c. Effect on excess of revenues over expenses/expenditures, as appropriate? [APB 20, par. 17 (AC A06.113 and .115)]	_____	_____	_____
2. If applicable, is the cumulative effect of an accounting change shown separately between the captions “extraordinary items” and “excess of revenues over (under) expenditures”? [APB 20, pars. 18—26 (AC A06.114—.122 and E09.104)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are the effects of changes in accounting estimates disclosed if they are material? [APB 20, pars. 31—33 (AC A06.130.—.132)]	_____	_____	_____
4. If a change in reporting entity occurs, are the disclosures made in accordance with APB 20, paragraphs 34 and 35? [APB 20, pars. 34 and 35 (AC A35.112—.113)]	_____	_____	_____
5. Is the nature of an error in previously issued financial statements and the effect of its correction on the excess of revenues over (under) expenditures before extraordinary items disclosed in the period in which the error is discovered and corrected? [APB 20, par. 37 (AC A35.105)]	_____	_____	_____
6. For prior-period adjustments:			
a. Are the resulting effects on the excess of revenues over (under) expenditures/ expenses of prior periods disclosed in the financial statements for the year in which the adjustments are made?	_____	_____	_____
b. For single-period statements, does the disclosure indicate the effects of such restatement on the balance of fund balance/retained earnings at the beginning of the period and on the excess of revenues over (under) expenditures/expenses of the immediately preceding period?	_____	_____	_____
c. If financial statements for more than one period are presented, does disclosure include the effects for each of the periods presented in the statements? [APB 9, par. 26 (AC A35.107)]	_____	_____	_____
7. If the prior-period adjustments pertain to years presented in a comparative operating statement (e.g., historical summaries of financial data), are they reflected therein with appropriate disclosure? [APB 9, par. 27 (AC A35.108)]	_____	_____	_____
8. If interim financial reports contain an adjustment related to prior interim periods of the current fiscal year, do disclosures include:			
a. The effect on excess (deficiency) from continuing operations and excess (deficiency) for each prior interim period of the current fiscal year?	_____	_____	_____
b. Excess (deficiency) from continuing operations and excess (deficiency) for each prior interim period restated? [SFAS 16, par. 15 (AC A35.111)]	_____	_____	_____
D. Comparative Financial Statements			
1. Were comparative statements considered? [ARB 43, Ch. 2A, pars. 1—2 (AC F43.101—.102)]	_____	_____	_____
2. Are the notes and other disclosures included in the financial statements of the preceding year(s) repeated, or at least referred to, to the extent that they continue to be of significance? [ARB 43, Ch. 2A, par. 2 (AC F43.102)]	_____	_____	_____
3. If changes occur in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed? [ARB 43, Ch. 2A, par. 3 (AC F43.103)]	_____	_____	_____
E. Financial Instruments (This section applies to proprietary funds only)			
1. For financial instruments with off-balance-sheet risk (except for instruments specifically excluded in SFAS 105), are the following disclosed, either in the body of the financial statements or in the notes, by class of financial instrument: ¹			
a. The face or contract amount (or notional principal amount if there is no face or contract amount)?	_____	_____	_____

¹ Practices for grouping and separately identifying—classifying—similar financial instruments in statements of financial position, in notes to financial statements, and in various regulatory reports have developed and become generally accepted, largely without being codified in authoritative literature. In SFAS 105, “class of financial instrument” refers to those classifications.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The nature of terms, including, at a minimum, a discussion of:			
(1) The credit and market risk of those instruments?	_____	_____	_____
(2) The cash requirements of those instruments?	_____	_____	_____
(3) The related accounting policy pursuant to the requirements of APB Opinion No. 22, "Disclosure of Accounting Policies"? [SFAS 105, par. 17 (AC F25.112)]	_____	_____	_____
2. For financial instruments with off-balance-sheet risk (except for those excluded in SFAS 105), are the following disclosed, either in the body of the financial statements or in the notes, by the class of financial instrument:			
a. The amount of accounting loss the entity would incur if any party to the financial instrument failed completely to perform according to the terms of the contract and if the collateral or other security, if any, for the amount due proved to be of no value to the entity?	_____	_____	_____
b. The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments? [SFAS 105, par. 18 (AC F25.113)]	_____	_____	_____
3. Do disclosures of all significant concentrations of credit risk arising from all financial instruments, whether from individual counterparty or groups of counterparties (except for certain insurance and investment contracts, purchase and pension obligations, and substantially extinguished debt), include:			
a. Information about the (shared) activity, region, or economic characteristic that identifies the concentration?	_____	_____	_____
b. The amount of the accounting loss due to credit risk the entity would incur if parties to the financial instruments that make up the concentration failed completely to perform according to the terms of the contracts and if the collateral or other security, if any, for the amount due proved to be of no value to the entity?	_____	_____	_____
c. The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's security, and the nature and a brief description of the collateral or other security supporting those financial instruments? [SFAS 105, par. 20 (AC F25.115)]	_____	_____	_____
F. Derivatives			
1. Do disclosures for derivatives and similar debt and investment transactions include a discussion of the relevant accounting policies and any other information necessary to keep the financial statements from being misleading? [GTB 94-1, par. 2; NCGA 1, par. 158; NCGAI 6, pars. 4-6]	_____	_____	_____
2. If derivatives have been used, held, or written during the period covered by the financial statements, is the nature of the transactions and the reasons for entering into them, including a discussion of the entity's exposure to credit risk, market risk, and legal risk disclosed? [GTB 94-1, par.3]	_____	_____	_____
3. If the information in steps 1 and 2 is not available, is that fact disclosed? [GTB 94-1, par. 4]	_____	_____	_____
4. Have those proprietary funds that apply GASB 20, <i>Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting</i> , paragraph 7 included those disclosures required by SFAS 119 ? [GTB 94-1, par. 7]	_____	_____	_____

² SFAS 119 is effective for financial statements issued for fiscal years ending after December 15, 1994, except for entities with less than \$150 million in total assets. For those entities, this Statement is effective for financial statements issued for fiscal years ending after December 15, 1995.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
G. Nonmonetary Transactions			
1. Do disclosures for nonmonetary transactions include:			
a. Nature of the transactions?	_____	_____	_____
b. Basis of accounting for the assets transferred?	_____	_____	_____
c. Gains or losses recognized on the transfers? [APB 29, par. 28 (AC N35.120)]	_____	_____	_____
2. If nonmonetary assets are donated to a governmental unit for use in general government activities, are they recorded in the General Fixed Assets Account Group (GFAAG)? [NCGA 1, par. 50 (GASB Cod. Sec. 1400.113)]	_____	_____	_____
H. Contingencies and Commitments (See Appendix A)			
1. Are the nature and amount of accrued loss contingencies, including the total claims and judgments determined for the year under SFAS 5, "Accounting for Contingencies," less (plus) the amount recorded as long-term obligations in the General Long-Term Debt Account Group (GLTDAG) disclosed? [SFAS 5, par. 9 (AC C59.108); FASBI 14, pars. 4—7 (AC C59.124—.127); NCGA 1, par. 46, as amended by GASB 6, par. 13; NCGA 4, par. 16]	_____	_____	_____
2. For loss contingencies not accrued, do disclosures indicate:			
a. Nature of contingency?	_____	_____	_____
b. Estimate of possible loss or range of loss, or a statement that such estimate cannot be made? [SFAS 5, pars. 9—12 (AC C59.108—.114); NCGA 1, par. 46, as amended by GASB 6, par. 13; NCGA 4, par. 17]	_____	_____	_____
3. Are guarantees of the entity disclosed in the financial statements, even if the possibility of default is remote? [AAG-SLG, par. 11.32]	_____	_____	_____
4. Are any moral obligations assumed by the entity disclosed in the financial statements? [AAG-SLG, par. 11.32]	_____	_____	_____
5. Is any no-commitment debt disclosed in the financial statements? [AAG-SLG, par. 11.32]	_____	_____	_____
6. For unconditional purchase obligations not recorded on the entity's balance sheet, are the following disclosed:			
a. The nature and term of the obligation(s)?	_____	_____	_____
b. The amount of the fixed and determinable portion of the obligation(s) as of the date of the latest balance sheet presented in the aggregate and, if determinable, for each of the five succeeding fiscal years?	_____	_____	_____
c. The nature of any variable components of the obligation?	_____	_____	_____
d. The amounts purchased under the obligation(s) (e.g., the take-or-pay or throughput contract) for each period for which a statement of revenue and expenditures is presented? [SFAS 47, par. 7 (AC C32.102)]	_____	_____	_____
7. Is disclosure made of conditions that raise a question about the entity's ability to continue in existence for a reasonable period of time, and viable plans to overcome these difficulties? [SAS 59, par. 10 (AU 341.10); AAG-SLG, par. 8.31]	_____	_____	_____
8. If appropriations lapse at year-end, even if encumbered, and the governmental unit intends to honor them, are the outstanding encumbrances at year-end disclosed in the notes to the financial statements or by reservation of fund balance? [NCGA 1, par. 91 (GASB Cod. Sec. 1700.129d)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
9. If a governmental unit is prohibited by law from budgeting or appropriating property taxes recognized as revenue pursuant to GASB Sec. P70, is the prohibition disclosed by a reservation of fund balance and explained in the notes to financial statements? [NCGAI 3, par. 9 (GASB Cod. Sec. P70.104)]	_____	_____	_____
10. If payments are made to an internal service self-insurance fund to pay claims and judgments of governmental funds, and the claims are based on actuarially determined liabilities, are these transfers classified as operating transfers and not as an expenditure of the insured fund? [NCGA 4, par. 20 and NCGAI 11, pars. 5 and 6]	_____	_____	_____
a. Are any amounts transferred in excess of the amount that was actuarially determined classified as residual equity transfers? [NCGA 4, par. 20 and NCGAI 11, pars. 5 and 6]	_____	_____	_____
11. Are gain contingencies adequately disclosed (with care to avoid any misleading implications about likelihood of realization)? [SFAS 5, par. 17 (AC C59.118)]	_____	_____	_____
12. Is disclosure made of unused letters of credit and assets pledged as security for loans? [SFAS 5, pars. 18—19 (AC C59.120)]	_____	_____	_____
13. Is disclosure made of any material violations of legal and contractual provisions? [NCGAI 6, par. 4 (GASB Cod. Sec. 2300.106h)]	_____	_____	_____
I. Subsequent Events			
1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provide additional evidence about conditions that existed at the balance-sheet date? [SFAS 5, par. 8 (AC C59.105); SAS 1, Secs. 560.03—.04 and .07 (AU 560.03—.04 and .07)]	_____	_____	_____
2. Are subsequent events that provide evidence of conditions that did not exist at the balance-sheet date, but arose subsequent to that date, adequately disclosed? [SFAS 5, par. 11 (AC C59.112); SAS 1, Secs. 560.05—.07, and .09 (AU 560.05—.07, and .09)]	_____	_____	_____
J. Related-Party Transactions			
1. Are the nature and extent of any leasing transactions with related parties disclosed? [NCGA 5, par. 27 (GASB Cod. Sec. L20.129); SFAS 13, par. 29 (AC L10.125)]	_____	_____	_____
2. Are the following disclosures made of material related-party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business:			
a. The nature of the relationship(s)?	_____	_____	_____
b. A description of the transactions, including transactions to which no amounts or nominal amounts are ascribed, for each of the periods for which a statement of revenue and expenditures is presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements?	_____	_____	_____
c. The dollar amount of transactions for each of the periods for which statements of revenue and expenditures are presented and the effects of any change in the method of establishing the terms from that used in the preceding period?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement? [SFAS 57, pars. 2—4 (AC R36.102—.104); SAS 45, par. 11 (AU 334.11—.12); AAG-SLG, par. 17.06]	_____	_____	_____
3. Does the primary government disclose the nature of its accountability for related organizations? [GASB 14, par. 68 (GASB Cod. Sec. 2600.131)]	_____	_____	_____
4. Do the financial statements of the related governmental organization disclose the primary government that it is accountable for and describe its relationship with that primary government? [GASB 14, par. 68 (GASB Cod. Sec. 2600.131)]	_____	_____	_____
K. Component Units			
1. If component units are included in the financial reporting entity by discrete presentation, does the reporting entity's combined balance sheet include one or more columns to display the combined balance sheets of the component units? [GASB 14, par. 44 (GASB Cod. Sec. 2600.107)]	_____	_____	_____
2. Are the discrete column(s) located to the right of the financial data of the primary government, distinguishing between the financial data of the primary government and those of the discretely presented component units by providing descriptive column headings? [GASB 14, par. 44 (GASB Cod. Sec. 2600.107)]	_____	_____	_____
3. Does the reporting entity's combined statement of revenues, expenditures, and changes in fund balance—governmental funds, include one or more columns to display the revenues, expenditures, and changes in fund balances for discretely presented component units that use governmental fund accounting? [GASB 14, par. 45 (GASB Cod. Sec. 2600.108)]	_____	_____	_____
4. If a component unit that uses both governmental and proprietary methods uses a single operating statement approach (all operations are included in one statement), are the results of its operations using the other method of accounting reduced to a single amount and presented as a separate line item, such as "Net income from proprietary operations" or "Excess of revenues over expenditures from governmental operations"? [GASB 14, par. 47 (GASB Cod. Sec. 2600.110)]	_____	_____	_____
5. Do the reporting entity's financial statements for discretely presented component units that use the AICPA Industry Audit Guide, <i>Audits of Colleges and Universities</i> , include a statement of changes in fund balances and a statement of current funds revenues, expenditures, and other changes? [GASB 14, par. 48 (GASB Cod. Sec. 2600.111)]	_____	_____	_____
6. If the reporting entity chooses to provide a total column for the primary government, is the column labeled "memorandum only"? [GASB 14, par. 49 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
7. If the reporting entity's combined statements include a total column for the reporting entity as a whole, is it labeled "memorandum only"? [GASB 14, par. 49 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
8. If the entity provides a total column for the entity as a whole, is a total column for the primary government also presented? [GASB 14, par. 49 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
9. Are combining financial statements for discretely presented component units included in the reporting entity's comprehensive annual financial report using the same methodology as combining statements of the fund types of the primary government? [GASB 14, par. 50 (GASB Cod. Sec. 2600.113)]	_____	_____	_____
10. In Step 9 above, is the data presented for each component unit in the combining statements generally its aggregated totals? [GASB 14, par. 50 (GASB Cod. Sec. 2600.113)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. If the entity chooses to present more than one column for the discretely presented component units (e.g., separate columns for component units that use governmental fund accounting and those that use proprietary fund accounting), are separate combining statements presented for each column in the combined statements? [GASB 14, par. 50 (GASB Cod. Sec. 2600.113)]	_____	_____	_____
12. Is certain information disclosed about each major component unit included in the component units column(s) in the GPFS by either (a) including the required combining statements in the reporting entity's GPFS or (b) by presenting condensed financial statements in the notes to the reporting entity's financial statements? [GASB 14, par. 51 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
13. If the condensed financial statement disclosure approach is taken, are the following details separately presented:			
a. Condensed balance sheet:			
(1) Current assets (amounts due from the primary government and other component units should be separately identified)?	_____	_____	_____
(2) Property, plant, and equipment (including general fixed assets)?	_____	_____	_____
(3) Amounts to be provided (and available) for the retirement of general long-term debt?	_____	_____	_____
(4) Current liabilities (amounts due to the primary government and other component units should be separately identified)?	_____	_____	_____
(5) Bonds and other long-term liabilities outstanding (amounts due to the primary government and other component units should be separately identified)? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
b. Condensed statements of revenues, expenses, and changes in equity for component units that use proprietary fund accounting:			
(1) Operating revenues (total revenues from sales of goods or services) (sales to the primary government and other component units should be separately identified)?	_____	_____	_____
(2) Operating expenses (depreciation, depletion, and amortization expense should be separately identified)?	_____	_____	_____
(3) Operating income or loss (operating revenues less operating expenses)?	_____	_____	_____
(4) Operating grants, entitlements, and shared revenues?	_____	_____	_____
(5) Transfers to/from the primary government and other component units?	_____	_____	_____
(6) Tax revenues?	_____	_____	_____
(7) Net income or loss (total revenues less total expenses)?	_____	_____	_____
(8) Current capital contributions? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
c. Condensed statements of revenues, expenditures, and changes in fund balances for component units that use governmental fund accounting:			
(1) Revenues?	_____	_____	_____
(2) Current expenditures?	_____	_____	_____
(3) Capital outlay expenditures?	_____	_____	_____
(4) Debt service expenditures?	_____	_____	_____
(5) Transfers to/from the primary government and other component units?	_____	_____	_____
(6) Excess (deficiency) of revenues and expenditures? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____

Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
14. Is information for all nonmajor discretely presented component units presented in the aggregate? [GASB 14, par. 51 (GASB Cod. Sec. 2600.114)]	_____	_____	_____
15. Is a component unit included in the reporting entity's financial statements using the blending method in either of these circumstances:	_____	_____	_____
a. The component unit's governing body is substantively the same as the governing body of the primary government?	_____	_____	_____
b. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it? [GASB 14, par. 53 (GASB Cod. Sec. 2600.116)]	_____	_____	_____
16. Is the general fund of the reporting entity the general fund of the primary government? [GASB 14, par. 54 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
17. Is the general fund of a blended component reported as a special revenue fund? [GASB 14, par. 54 (GASB Cod. Sec. 2600.117)]	_____	_____	_____
18. If the intent of the primary government in obtaining a for-profit corporation is to directly enhance its ability to provide governmental services (rather than just as an investment), is the corporation presented as a component unit (rather than as an investment)? [GASB 14, par. 55 (GASB Cod. Sec. 2600.118)]	_____	_____	_____
19. Are transfers between the primary government and its blended component units reported as required by GASB Cod. Sec. 1800.102—.107 for interfund transfers? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
20. Are receivables and payables between the primary government and its blended component units reported as amounts due to and from other funds? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
21. Are balances and transfers between the primary government and component units that are discretely presented reported in accordance with GASB Cod. Sec. 1800.102—.107, except that the amounts of the balances and transfers should be reported separately from interfund balances and transfers? [GASB 14, par. 57 (GASB Cod. Sec. 2600.120)]	_____	_____	_____
22. Are lease arrangements between the primary government and blended component units reported in accordance with GASB Cod. Sec. L20.125? [GASB 14, par. 58 (GASB Cod. Sec. 2600.121)]	_____	_____	_____
23. Are capital lease arrangements between the primary government and discretely presented components reported in accordance with GASB Cod. Sec. L20.126? [GASB 14, par. 58 (GASB Cod. Sec. 2600.121)]	_____	_____	_____
24. In Step 23. above, are related receivables and payables reported separately from other amounts due to or from component units and separately from capital lease receivables and payables from organizations outside the reporting entity? [GASB 14, par. 58 (GASB Cod. Sec. 2600.121)]	_____	_____	_____
25. If a common fiscal year-end is impractical for the primary government and its component units, does the reporting entity (which reports using the primary government's fiscal year) incorporate financial statements for the component unit's fiscal year-end during the reporting entity's fiscal year? [GASB 14, par. 59 (GASB Cod. Sec. 2600.122)]	_____	_____	_____
26. If transactions between component units that have different fiscal year ends result in inconsistencies in amounts reported as due to or due from, transfer to or transfer from, and so forth, is the nature and amount of those transactions disclosed? [GASB 14, par. 60 (GASB Cod. Sec. 2600.123)]	_____	_____	_____

Local Governments

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
27. Is the fiscal year of the component units included in the reporting entity consistent from year to year, and changes in fiscal years disclosed? [GASB 14, par. 60 (GASB Cod. Sec. 2600.123)]	_____	_____	_____
28. Do the notes to the reporting entity's financial statements include a brief description of the component units of the financial reporting entity and their relationships to the primary government that includes:			
a. A discussion of the criteria of including the component units in the financial reporting entity?	_____	_____	_____
b. How the component units are reported?	_____	_____	_____
c. Information about how the separate financial statements for the individual component units may be obtained? [GASB 14, par. 61 (GASB Cod. Sec. 2600.124)]	_____	_____	_____
29. Does the reporting entity's GPFS disclose:			
a. The fund types and account groups of the primary government including its blended component units?	_____	_____	_____
b. Individual discretely presented component units considering both:			
(1) The unit's significance relative to the total discretely presented component units?	_____	_____	_____
(2) The nature and significance of the unit's relationship to the primary government? [GASB 14, par. 63 (GASB Cod. Sec. P50.107)]	_____	_____	_____
30. If the financial statements present only the data of the primary government, is it acknowledged that they do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles? [GASB 14, par. 64 (GASB Cod. Sec. 2600.127)]	_____	_____	_____
31. When separate financial statements for a component unit are issued, do the notes describing the separate activities clearly state the relationship of the component unit to the primary government? [AAG-SLG, par. 3.39; GASB 14, pars. 11 and 63 (GASB Cod. Sec. C20.104)]	_____	_____	_____

L. Pensions (See Appendices D and F)

Separately Issued Public Employee Retirement System (PERS) Reports—Defined Benefit Pension Information

1. For pension disclosures in separately issued PERS financial reports or within a report by the state or local government whose financial reporting entity includes the PERS as a pension trust fund or discretely presented component unit, do the notes to the financial statements disclose the following:
 - a. Plan Description
 - (1) Identification of the PERS as the administrator of a single-employer, agent multiple-employer, or cost sharing multi-employer plan, the reporting entity, if any, of which it is a component unit, and the number and types of contributing employers and nonemployer contributors? _____
 - (2) Types of employees covered and current membership, with separate identification of the number of (a) retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and (b) fully vested, partially vested, and nonvested active employees covered by the plan? _____
 - (3) A brief statement about benefit provisions, employee eligibility requirements, including eligibility for vesting and the authority under which benefit provisions are established? _____
 - (4) Employer and employee obligations to contribute and the authority under which those obligations are established?
[GASB 5, par. 30a, as amended by GASBI 14 (GASB Cod. Sec. Pe6.130a)] _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Summary of Significant Accounting Policies and Plan Asset Matters			
(1) Significant accounting policies, including basis of accounting, method used to value assets for balance sheet purposes, and, if assets are valued at cost, the method used to account for exchanges or "swaps" of securities (Also, the effects on the amount of net assets available for benefits of any changes in accounting policies during the year.)	_____	_____	_____
(2) Investments (other than U.S. government and U.S. government guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits?	_____	_____	_____
(3) Investments in, loans to, or leases with any PERS official, governmental employer official, party related to a PERS official or governmental employer official, nonemployer contributor or organization included in the reporting entity of any participating employer (loans to employees from their own contributions, permitted by the terms of the plan, should not be listed)? [GASB 5, par. 30b, as amended by GASB 14 (GASB Cod. Sec. Pe6.130b)]	_____	_____	_____
c. Funding Status and Progress			
(1) Explanation that the pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date?	_____	_____	_____
(2) Date of the actuarial valuation performed to determine the pension benefit obligation?	_____	_____	_____
(3) Significant actuarial assumptions used to compute the pension benefit obligation, including rate of return on investment ³ of present and future assets (discount rate) projected salary increases due to (1) inflation and (2) merit or seniority, and postretirement benefit increases?	_____	_____	_____
(4) Pension benefit obligation in total and segregated as follows:			
(i) Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them?	_____	_____	_____
(ii) Current employees—			
(a) Accumulated employee contributions including allocated investment income, if any?	_____	_____	_____
(b) Employer-financed vested?	_____	_____	_____
(c) Employer-financed nonvested?	_____	_____	_____
(5) Net assets available for benefits, as of the same date as the pension benefit obligation, determined in accordance with the method used to value assets for PERS balance sheet purposes (if assets are valued at other than market, the market value should be disclosed)?	_____	_____	_____
(6) Difference between the total amounts in Steps (4) and (5) above labeled "Unfunded (assets in excess of) pension benefit obligation"?	_____	_____	_____
(7) Explanation, including separate dollar effects on the pension benefit obligation, of any current-year changes in (1) actuarial assumptions or (2) benefit provisions? [GASB 5, par. 30c, as amended by GASB 14 (GASB Cod. Sec. Pe6.130c)]	_____	_____	_____
d. Contributions Required and Contributions Made			
(1) Funding policy, including the role of actuarially determined contribution requirements in carrying out that policy?	_____	_____	_____

³ The rate of return on investments should be a rate based on an estimated long-term yield considering (1) the nature and mix of current and expected investment and (2) the basis used to value those assets. That rate and other assumptions should be determined by taking into account all relevant factors and expectations and should be calculated in accordance with recognized actuarial principles.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) If contribution requirements are actuarially determined, are the following disclosures made:			
(i) Actuarial funding method and the period and method for amortizing any unfunded actuarial accrued liability?	_____	_____	_____
(ii) A statement that significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation, or explanation of the differences?	_____	_____	_____
(iii) Actuarially determined contribution requirements and the amounts intended to (i) cover normal cost and (ii) amortize any unfunded actuarial accrued liability, and contributions actually made by employer(s) and employees (single-employer PERS and cost-sharing multiple-employer PERS should also disclose both employer and employee contributions actually made as percentages of the current year covered payroll)?	_____	_____	_____
(iv) Explanation, including separate dollar effects on contribution requirements, of any current-year changes in (i) actuarial assumptions, (ii) benefit provisions, (iii) actuarial funding methods, or (iv) other significant factors?	_____	_____	_____
(3) If contribution requirements are not actuarially determined, are the following disclosed:			
(i) The fact that the contribution requirement is not actuarially determined?	_____	_____	_____
(ii) How the requirement is established (e.g., a rate established by law)?	_____	_____	_____
(iii) Whether an actuary is used to determine the actuarial implications of the requirement (e.g., period of amortization of the unfunded actuarial accrued liability), and what those implications are?	_____	_____	_____
(iv) The amount of the contribution requirement and the contribution actually made by employer(s) and employees (single-employer PERS and cost sharing multi-employer PERS should also disclose both employer and employee contributions actually made as percentages of current year covered payroll)?	_____	_____	_____
(v) Explanation, including separate dollar effects on contribution requirements, of any current-year changes in the method used to calculate or establish contribution requirements (e.g., a change in the law)? [GASB 5, par. 30d, as amended by GASB 14 (GASB Cod. Sec. Pe6.130d)]	_____	_____	_____
e. Location of the 10-year historical trend information required to be disclosed by paragraph 132 of GASB 5, and an explanation that this provides information about progress made in accumulating sufficient assets to pay benefits when due? [GASB 5, par. 30e, as amended by GASB 14 (GASB Cod. Sec. Pe6.130e)]	_____	_____	_____
f. Does the PERS reporting also include disclosure of 10-year historical trend information as required supplementary information? [GASB 5, par. 31 (GASB Cod. Sec. Pe6.131)]	_____	_____	_____
g. Does the 10-year historical trend information disclose the following:			
(1) Net assets available for benefits (as of the same date as the pension benefit obligation and as valued for PERS balance sheet purposes), the pension benefit obligation, and the former expressed as a percentage of the latter, also the unfunded (assets in excess of) pension benefit obligation, annual covered payroll, and the former expressed as a percentage of the latter?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Revenues by sources (employer contributions, employee contributions, investment income, and other income) and expenses by type (benefit payments, administrative expenses, refunds of employee contributions, and other expenses)?	_____	_____	_____
(3) Except for agent multiple-employer PERS, employer contributions expressed both as dollar amounts and as percentages of annual covered payroll (the disclosure should state whether contributions are made in accordance with actuarial requirements)?	_____	_____	_____
(4) If contributions actually made for particular years differ from actuarial or legal requirements, both the contribution made and the contribution required should be presented for those years?	_____	_____	_____
(5) The timing, nature, and total dollar effect of any changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, or other factors that significantly affect the information presented in Steps (1) through (4) above for the year in which the changes are made?	_____	_____	_____
[GASB 5, par. 32 (GASB Cod. Sec. Pe6.132)]	_____	_____	_____
Employer Financial Reports—Defined Benefit Pension Information—Single-Employer, and Agent Multiple-Employer Plans			
2. Do the notes to the financial statements disclose the following information for each single-employer PERS and each agent multi-employer PERS to which the employer contributes:			
a. Plan Description			
(1) Identification of the PERS to which contributions are made as single-employer or agent multi-employer?	_____	_____	_____
(2) Amount of the employer's current year covered payroll and the employer's total current-year payroll for all employees?	_____	_____	_____
(3) A brief statement about types of employees covered, benefit provisions, employee eligibility requirements, including eligibility for vesting and the authority under which benefit provisions are established?	_____	_____	_____
(4) Employer and employee obligations to contribute and the authority under which those obligations are established?	_____	_____	_____
[GASB 5, par. 35a (GASB Cod. Sec. P20.125a)]	_____	_____	_____
b. The amounts and types of securities, if any, of the employer and related parties included in PERS assets, including loans to the employer (whether in the form of notes, bonds, or other instruments)?			
[GASB 5, par. 35b (GASB Cod. Sec. P20.125b)]	_____	_____	_____
c. Funding Status and Progress			
(1) Explanation that the pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date?	_____	_____	_____
(2) Date of the actuarial valuation performed to determine the pension benefit obligation? ⁴	_____	_____	_____
(3) Significant actuarial assumptions used to compute the pension benefit obligation, including rate of return on investment ⁵ of present and future assets (discount rate), projected salary increases due to (a) inflation and (b) merit or seniority, and postretirement benefit increases?	_____	_____	_____

⁴ Actuarial valuations must be performed at least biennially, with an actuarial update to the date 12 months after that biennial valuation. Balance sheet date valuations are encouraged but not required.

⁵ The rate of return on investments should be a rate based on an estimated long-term yield considering (1) the nature and mix of current and expected investments and (2) the basis used to value those assets.

Local Governments

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(4) Pension benefit obligation applicable to the entity's employees, in total and segregated as follows:			
(i) Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them?	_____	_____	_____
(ii) Current employees—			
(a) Accumulated employee contributions including allocated investment income, if any?	_____	_____	_____
(b) Employer-financed vested?	_____	_____	_____
(c) Employer-financed nonvested?	_____	_____	_____
(5) Net assets available for benefits, as of the same date as the pension benefit obligation, determined in accordance with the method used to value assets for PERS balance sheet purposes?	_____	_____	_____
(i) The method used to value assets for PERS balance sheet purposes?	_____	_____	_____
(ii) If assets are valued at other than market, disclosure of the market value?	_____	_____	_____
(6) Difference between the total amounts in Steps (4) and (5) above labeled "Unfunded (assets in excess of) pension benefit obligation"?	_____	_____	_____
(7) Explanation, including separate dollar effects on the pension benefit obligation, of any current-year changes in:			
(i) Actuarial assumptions?	_____	_____	_____
(ii) Benefit provisions?	_____	_____	_____
[GASB 5, par. 35c (GASB Cod. Sec. P20.125c)]			
d. Contribution Required and Contribution Made			
(1) Funding policy, including the role of actuarially determined contribution requirements in carrying out that policy?	_____	_____	_____
(2) If contribution requirements are actuarially determined, do disclosures include:			
(i) Actuarial funding method and the period and method for amortizing any unfunded actuarial accrued liability?	_____	_____	_____
(ii) Statement that significant actuarial assumptions used to compute actuarially determined contributions requirements are the same as those used to compute the pension benefits obligation, or an explanation of the differences?	_____	_____	_____
(iii) Actuarially determined contribution requirement and the amounts intended to (a) cover normal cost, and (b) amortize any unfunded actuarial accrued liability, and contributions actually made by the employer and employees, expressed both in dollar amounts and as percentages of current-year covered payroll?	_____	_____	_____
(iv) Explanation, including separate dollar effects on contribution requirements, of any current-year changes in (a) actuarial assumptions, (b) benefits provisions, (c) actuarial funding method, or (d) other significant factors?	_____	_____	_____
(3) If contribution requirements are not actuarially determined, do disclosures include:			
(i) The fact that the contribution requirement is not actuarially determined?	_____	_____	_____
(ii) How the requirement is established (e.g., a rate established by law)?	_____	_____	_____
(iii) Whether an actuary is used to determine the actual implications of the requirement (e.g., period of amortization of the unfunded actuarial accrued liability), and what those implications are?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(iv) The amount of the contribution requirement and the contribution actually made by employer and employees (also both the employer and employee contribution actually made as percentages of current year covered payroll)?	_____	_____	_____
(v) Explanation, including separate dollar effects on contribution requirements, of any current-year changes in the method used to calculate or establish contribution requirements (e.g., a change in the law)? [GASB 5, par. 35d (GASB Cod. Sec. P20.125d)]	_____	_____	_____
e. Three-Year Historical Trend Information			
(1) Net assets available for benefits expressed as percentages of the pension benefit obligation applicable to the entity's employees?	_____	_____	_____
(2) Unfunded (assets in excess of) pension benefit obligation, expressed as percentages of annual covered payroll?	_____	_____	_____
(3) Employer contributions expressed as percentages of annual covered payroll (this disclosure should state whether contributions are made in accordance with actuarially determined requirements)? [GASB 5, par. 35e (GASB Cod. Sec. P20.125e)]	_____	_____	_____
f. Reference to 10-year historical trend information in separately-issued PERS reports (or in employer reports, see Step g. below) and an explanation that this provides information about progress made in accumulating sufficient assets to pay benefits when due? [GASB 5, par. 35f (GASB Cod. Sec. P20.125f)]	_____	_____	_____
g. Is the following required 10-year trend information disclosed:			
(1) Net assets available for benefits (as of the same date as the pension benefit obligation as valued for PERS balance sheet purposes)?	_____	_____	_____
(2) Pension benefits obligation and the net assets available for benefits expressed as a percentage of the pension benefit obligation?	_____	_____	_____
(3) Unfunded (assets in excess of) pension benefit obligation, annual covered payroll, and the percentage of unfunded (assets in excess of) pension benefits obligation as a percentage of annual covered payroll?	_____	_____	_____
(4) The timing, nature, and total dollar effect of any changes in actuarial assumptions, benefits provisions, actuarial funding methods, accounting policies or other factors that significantly affect the information presented for the year in which the changes are made? [GASB 5, par. 36 (GASB Cod. Sec. P20.126)]	_____	_____	_____
Single Employer PERS Included as a Pension Trust Fund in the Employer Reporting Entity—Defined Benefit Pension Information			
3. Does the employer reporting on its participation in a single-employer PERS that is included as a pension trust fund in the employer reporting entity disclose the following:			
a. A single set of disclosures representing a combination of the disclosures required by Steps L.1. and L.2. above adapted to cover both the PERS and the employer?	_____	_____	_____
b. To satisfy the requirements of Step L.2.f. above, reference should be made to the required 10-year historical trend information included in an employer CAFR or in a separately issued PERS report, if that report is publicly available? [GASB 5, par. 37 (GASB Cod. Sec. P20.127)]	_____	_____	_____
Multi-Employer PERS Included as a Pension Trust Fund in the Employer Reporting Entity—Defined Benefit Pension Information			
4. Does the employer reporting entity combine the disclosure requirements of:			
a. Step L.1.—“Separately Issued PERS Reports—Defined Benefit Information”?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Step L.2.—“Employer Financial Reports—Defined Benefit Pension Information”?	_____	_____	_____
c. Step L.2.f—certain 10-year historical information?	_____	_____	_____
d. Step L.5. (below)—“Employers Contributing to Cost-Sharing Multi-Employer PERS—Defined Benefit Pension Information”?	_____	_____	_____
[GASB 5, par. 38 as amended by GASB 14 (GASB Cod. Sec. P20.128)]			
Employers Contributing to Cost-Sharing Multi-Employer PERS—Defined Benefit Pension Information			
5. Does the employer disclose in its notes to financial statements the following information for each cost-sharing multi-employer PERS to which it contributes:			
a. Identification of the PERS as a cost-sharing multiple-employer PERS?	_____	_____	_____
b. Amount of the employer’s current-year covered payroll and the employer’s total current-year payroll for all employees?	_____	_____	_____
c. A brief statement about types of employees covered, benefit provisions, changes in benefit provisions, employee eligibility requirements, including eligibility for vesting, and the authority under which benefit provisions are established?	_____	_____	_____
d. Employer and employee obligations to contribute and the authority under which those obligations are established?	_____	_____	_____
e. The entity’s actuarially determined contribution requirement and the employee and employer contributions actually made, expressed both in dollar amounts and as percentages of the employer’s current-year covered payroll; also, any current-year changes in actuarial assumptions, benefit provisions, actuarial funding method, or other significant factors and the aggregate effect on the employer’s contribution rate, expressed as a percentage of the employer’s current-year covered payroll?	_____	_____	_____
f. Explanation that the pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date?	_____	_____	_____
g. The total PERS pension benefit obligation and the total PERS net assets available for benefits (as of the same date as the pension benefit obligation)? ⁶	_____	_____	_____
h. The employer’s actuarially determined contribution requirement expressed as a percentage of total current-year actuarially determined contribution requirements for all employers?	_____	_____	_____
i. Reference to 10-year historical trend information in separately-issued PERS reports and an explanation that this provides information about progress made in accumulating sufficient assets to pay benefits when due?	_____	_____	_____
j. The amounts and types of securities, if any, of the employer and related parties included in PERS assets, including loans to the employer (whether in the form of notes, bonds, or other instruments)?	_____	_____	_____
[GASB 5, par. 39 (GASB Cod. Sec. P20.129)]			

⁶ An entity whose contribution to a cost-sharing multiple-employer PERS exceeds 50 percent of the actuarially determined contribution requirements for all participating entities may disclose its allocated share of the PERS pension benefit obligation and net assets available for benefits instead of the disclosure required by paragraph 39g of GASB 5. That allocation should be based on the percentage required to be disclosed in paragraph 39h and the method of allocation should be disclosed.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Component Units' Pension Information in the Reporting Entity's Financial Reports—Defined Benefit Pension Information			
6. a. When separate financial reports of component units are publicly available (containing the pension disclosures required by GASB 5), are the reporting entity's disclosures minimized by referring to those reports and providing condensed data? [GASB 5, par. 40 (GASB Cod. Sec. P20.130)]	_____	_____	_____
b. Are the disclosure requirements in Step L.2. above limited to the following:			
(1) Pension benefit obligation?	_____	_____	_____
(2) A statement indicating whether actuarially determined employer contribution requirements are met? [GASB 5, par. 40 (GASB Cod. Sec. P20.130)]	_____	_____	_____
c. Are Step L.5 disclosures (employers contributing to cost-sharing multi-employer PERS) limited to a statement that actuarially determined contribution requirements are met and that the contributions are made to the same cost-sharing multi-employer PERS in which the oversight entity participates, if that is the case? [GASB 5, par. 40 (GASB Cod. Sec. P20.130)]	_____	_____	_____
Noncontributing Employers—Defined Benefit Pension Information			
7. a. If the employer is not legally responsible for making contributions to a PERS but its employees are covered by a PERS because of contributions made by another entity, as described in paragraph 11 of GASB 5, does the employer disclose in its notes to financial statements the following information for each of those situations:			
(1) Name of the entity making contributions on behalf of its employees and the amount of the contribution?	_____	_____	_____
(2) Types of employees covered and employee eligibility requirements, including eligibility for vesting?	_____	_____	_____
(3) The employer's total current-year payroll for all employees, and its current-year covered payroll for that plan?	_____	_____	_____
(4) Employee and nonemployer contributor obligations to contribute and the authority under which those obligations are established? [GASB 5, par. 41 (GASB Cod. Sec. P20.131)]	_____	_____	_____
b. If the legal responsibility for making contributions remains with the participating employer but another entity pays the annual employer contribution directly to the PERS as a matter of convenience, does the entity comply with the disclosure requirements of Steps L.2.—5. above, which apply to the participating employer? [GASB 5, par. 41 (GASB Cod. Sec. P20.131)]	_____	_____	_____
Unfunded Pension Arrangements—Defined Benefit Pension Information			
8. If the defined benefit pension arrangement is not being funded and no contributions are made from any source before benefits are actually paid to retirees and other beneficiaries, does the employer disclose its pension obligations?	_____	_____	_____
a. Are the disclosure requirements in Steps L.2.—5. above followed? [GASB 5, par. 42 (GASB Cod. Sec. P20.132)]	_____	_____	_____
Reporting by Nonemployer Contributors—Defined Benefit Pension Information			
9. Are the following disclosures considered for each nonemployer contributor:			
a. The fact that the entity is legally responsible for making contributions to PERS that cover individuals other than their own employees?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If the nonemployer contributor is legally responsible for contributions to a single-employer or agent multi-employer PERS, disclosure about its participation in the PERS in accordance with Steps L.2.—4. above, as appropriate?	_____	_____	_____
c. If the nonemployer contributor is responsible for making contributions to a cost-sharing multi-employer PERS, disclosures that conform to the requirements of Step L.5.?	_____	_____	_____
d. Disclosures in accordance with Steps L.2.a.(2) and L.5.b. limited to the number of employees and amount of payroll covered by the PERS to which the contributions are made? [GASB 5, par. 43 (GASB Cod. Sec. P20.133)]	_____	_____	_____

Defined Contribution Pension Information

10. Are the following disclosures considered for each defined contribution pension plan:

a. If applicable, that the pension plan has characteristics of both a defined benefit plan and a defined contribution plan? [GASB 5, par. 45 (GASB Cod. Sec. P20.136)]	_____	_____	_____
b. If the substance of the plan is to provide a defined benefit in some form, disclosures in accordance with Steps K.1.—9. above? [GASB 5, par. 45 (GASB Cod. Sec. P20.136)]	_____	_____	_____

M. Postemployment Benefits Other Than Pensions

1. Does an employer that provides other postemployment benefits (OPEB) disclose, as a minimum, the following information, either separately for one or more types of benefits or in the aggregate for each OPEB:

a. A description of the OPEB provided; employee groups covered; eligibility requirements; and the employer and participant obligations to contribute, quantified in some manner (e.g., the approximate percentage of the total obligation to contribute that is borne by the employer and the participants, respectively, or the dollar or percentage contribution rates)?	_____	_____	_____
b. A description of the statutory, contractual, or other authority under which OPEB provisions and obligations to contribute are established?	_____	_____	_____
c. A description of the accounting and financing or funding policies followed (e.g., a statement that the employer's contributions are financed on a pay-as-you-go basis or are advance-funded on an actuarially determined basis)?	_____	_____	_____
d. If OPEB are advance-funded on an actuarially determined basis:			
(1) The actuarial cost method and significant actuarial assumptions (including the interest rate and, if applicable, the projected salary increase assumption and the health inflation assumption) used to determine funding requirements?	_____	_____	_____
(2) The method used to value plan assets?	_____	_____	_____
e. The following expenditures/expenses information, depending on how OPEB are financed:			
(1) If OPEB are financed on a pay-as-you-go basis:			
(i) The amount of OPEB expenditures/expenses recognized during the period by the employer (net of participant contributions)?	_____	_____	_____
(ii) The number of participants currently eligible to receive benefits?	_____	_____	_____
(iii) If expenditures/expenses for OPEB cannot readily be separated from expenditures/expenses for similar types of benefits provided to active employees and their dependents, are reasonable methods to approximate OPEB expenditures/expenses used?	_____	_____	_____
(iv) If a reasonable approximation cannot be made, disclosure of the employer-stated OPEB expenditures/expenses that cannot be reasonably estimated?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) If OPEB are advance-funded on an actuarially determined basis:			
(i) The number of active plan participants?	_____	_____	_____
(ii) The employer's actuarially required and actual contributions for the period (net of participant contributions)?	_____	_____	_____
(iii) The amount of net assets available for OPEB?	_____	_____	_____
(iv) The actuarially accrued liability and unfunded actuarially accrued liability for OPEB according to the actuarial cost method in use?	_____	_____	_____
f. A description (and the dollar effect, if measurable) of any significant matters that affect the comparability of the disclosures required by paragraph 10 of GASB 12 with those for the previous period (e.g., a change in benefit provisions)?	_____	_____	_____
g. Any additional information that the employer believes will help users assess the nature and magnitude of the cost of the employer's commitment to provide OPEB? [GASB 12, par. 10 (GASB Cod. Sec. P50.105)]	_____	_____	_____
2. Does an employer who advance-funds postemployment health care benefits on an actuarially determined basis through a defined benefit PERS or plan that provides retirement income and who elects to apply the disclosure requirements of GASB Cod. Sec. P20, "Pension Activities—Employer Reporting," to postemployment health care benefits, comply with the following requirements (See Appendix F):			
a. Disclose the health inflation assumption in addition to other significant actuarial assumptions required by GASB Cod. Sec. P20?	_____	_____	_____
b. Calculate the information disclosed about the funded status and funding progress of postemployment health care benefits in a manner consistent with the requirements of GASB Cod. Sec. P20 for the calculation of the funded status and the funding progress of pension benefits? [GASB 12, par. 11 (GASB Cod. Sec. P50.106)]	_____	_____	_____
3. Are the disclosures required by Steps 1. and 2. above made for the reporting entity as a whole? [GASB 12, par. 12 (GASB Cod. Sec. P50.107)]	_____	_____	_____
4. If the employer believes aggregate disclosures would be misleading, are additional or separate disclosures made for one or more fund types or component units? [GASB 12, par. 12 (GASB Cod. Sec. P50.107)]	_____	_____	_____
N. Deferred Compensation Plans			
1. Are IRC Section 457 deferred compensation balances displayed in an agency fund? [GASB 2, par. 9 (GASB Cod. Sec. D25.109)]	_____	_____	_____
2. Is the following information disclosed:			
a. The fact that the plan assets remain the property of the employer until paid or made available to participants, subject only to claims of the employer's general creditors?	_____	_____	_____
b. The governmental unit's fiduciary responsibility, including uses of plan assets for purposes other than paying benefits?	_____	_____	_____
c. If the plan is a multiple-jurisdiction plan, the portion of the assets in the fund to which the administering governmental entity has legal access, as distinguished from the assets held for other participating governmental employees? [GASB 2, par. 13 (GASB Cod. Sec. D25.113)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
O. Special Assessments			
1. If the government is obligated in some manner for special assessment debt, do the notes to financial statements disclose the information required in GASB Cod. Sec. 2300 "Notes to Financial Statements," as it applies to long-term debt? [GASB 6, par. 20 (GASB Cod. Sec. S40.120)]	_____	_____	_____
2. Do the notes identify and describe any guarantee, reserve or sinking fund established to cover defaults by property owners? [GASB 6, par. 20 (GASB Cod. Sec. S40.120)]	_____	_____	_____
3. Do the notes disclose the amount of special assessment receivables that are delinquent, if not separately displayed on the face of the financial statements? [GASB 6, par. 20 (GASB Cod. Sec. S40.120)]	_____	_____	_____
4. If the government is not obligated in any manner for special assessment debt, do the notes disclose the amount of the debt and the fact that the government is in no way liable for repayment but is only acting as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate? [GASB 6, par. 21 (GASB Cod. Sec. S40.121)]	_____	_____	_____
P. Public Entity Risk Pools			
<i>Loss Contingencies</i>			
1. If no accrual is made for an insured event, or if an exposure to loss exists in excess of the accrual, is a loss contingency disclosed if there is at least a reasonable possibility that a loss or an additional loss may occur? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
2. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
3. If it is considered probable that an unreported claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable, is the disclosure of this assertion made? [GASB 10, par. 27 (GASB Cod. Sec. Po20.123)]	_____	_____	_____
4. Are the following matters related to public entity risk pools disclosed:			
a. A description of the risk transfer or pooling agreement, including the rights and responsibilities of the pool participants?	_____	_____	_____
b. A brief description of the number and types of entities participating in the pool?	_____	_____	_____
c. The basis for estimating the liabilities for unpaid claims and claim adjustment expenses?	_____	_____	_____
d. A statement that the liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors?	_____	_____	_____
e. The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period?	_____	_____	_____
f. The face amount and carrying amount of liabilities for unpaid claims and claim adjustment expenses that are presented at present value in the financial statements and the range of annual interest rates used to discount those liabilities?	_____	_____	_____
g. Whether the pool considers anticipated investment income in determining if a premium deficiency exists?	_____	_____	_____
h. The nature and significance of excess insurance or reinsurance transactions to the pool's operations, including reinsurance premiums ceded, and estimated amounts that are recoverable from reinsurers and that reduce the liabilities as of the balance-sheet date for unpaid claim and claim adjustment expenses?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. A reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior fiscal year in the following tabular format:			
(1) Amount of liabilities for unpaid claims and claim adjustment expenses at the beginning of each fiscal year?	_____	_____	_____
(2) Incurred claims and claim adjustment expenses?	_____	_____	_____
(i) Provision for insured events of the current fiscal year?	_____	_____	_____
(ii) Increase (decrease) in the provision for insured events of prior fiscal years?	_____	_____	_____
(3) For payments:			
(i) Claims and claim adjustment expenses attributable to insured events of the current fiscal year?	_____	_____	_____
(ii) Claims and claim adjustment expenses attributable to insured events of prior fiscal years?	_____	_____	_____
(iii) Other items and explanations of each material item?	_____	_____	_____
(iv) Amount of liabilities for unpaid claims and claim adjustment expenses at the end of each fiscal year?	_____	_____	_____
j. The aggregate outstanding amount of liabilities for which annuity contracts are purchased from third parties in the claimants' names and the related liabilities that are removed from the balance sheet? ⁷ [GASB 10, par. 49 (GASB Cod. Sec. Po20.145)]	_____	_____	_____

Investments

5. For realized gains and losses on investments (except those that are accounted for as foreign currency or futures contracts hedges):
- a. Is the amount of gains and losses separately disclosed, either by presenting it as a separate item in the operating statement or disclosing it in the notes to financial statements?
- b. Are unrealized investment gains and losses reported as a separate component of equity?
- [GASB 10, par. 46 (GASB Cod. Sec. Po20.142)]

_____	_____	_____
_____	_____	_____

Q. Entities Other Than Risk Pools

Governmental Funds

1. Are the amounts of claims and judgments, determined under SFAS 5, plus or minus the amounts recorded as long-term obligations, disclosed on the face of the financial statements or in the notes?
[NCGA 4, par. 16]
2. Are the amounts of contingent liabilities not requiring accrual disclosed in the notes?
[NCGA 4, par. 3]

_____	_____	_____
_____	_____	_____

Proprietary Funds

3. Is disclosure of a loss contingency made when there is at least a reasonable possibility that a loss or an additional loss may be incurred?
4. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made?

_____	_____	_____
_____	_____	_____

R. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

1. Do the notes to the financial statements disclose:

⁷ Annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The nature and source of landfill closure and postclosure care requirements?	_____	_____	_____
b. That recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date?	_____	_____	_____
c. The reported liability for closure and postclosure care at the balance-sheet date (if not apparent from the financial statements) and the estimated total current cost of closure and postclosure care remaining to be recognized?	_____	_____	_____
d. The percentage of landfill capacity used to date and estimated remaining landfill life in years?	_____	_____	_____
e. How closure and postclosure care financial assurance requirements, if any, are being met and any assets restricted for payment of closure and postclosure care costs (if not apparent from the financial statements)?	_____	_____	_____
f. The nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulation? [GASB 18, par. 17 (GASB Cod. Sec. L10.116)]	_____	_____	_____

II. Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units

A. Titles, References, and Content

1. Is a combined balance sheet presented for all fund types and account groups?	_____	_____	_____
2. Does the combined balance sheet have separate columns for each fund type and account group? [NCGA 1, par. 145 (GASB Cod. Sec. 2200.111)]	_____	_____	_____

B. Cash and Investments

1. Are cash and investments segregated into individual funds? [AAG-SLG, par. 7.14]	_____	_____	_____
2. Are restrictions on cash and investments disclosed? [SFAS 5, pars. 18—19 (AC C59.120)]	_____	_____	_____
3. Pooled Accounts			
a. If cash and investments are maintained in pooled accounts and a particular fund overdraws its share, is the overdraft reported as an interfund payable or receivable? [AAG-SLG, par. 7.07]	_____	_____	_____
b. If a pooled cash account for a governmental unit is overdrawn in total, is the balance classified as a fund liability? [AAG-SLG, par. 7.07]	_____	_____	_____
4. For investments including repurchase agreements do disclosures include:			
a. The types of investments authorized by legal or contractual provisions? [GASB 3, par. 65 as amended by GASB 14 (GASB Cod. Sec. I50.161)]	_____	_____	_____
b. The difference in authorized investment types, if the types of investments authorized for different funds, fund types, blended component units, or discretely presented component units differ significantly from those authorized for the primary government, and those funds, fund types, or component units have material investment activity? [GASB 3, par. 65, as amended by GASB 14 (GASB Cod. Sec. I50.161)]	_____	_____	_____
c. Significant violations during the period of legal or contractual provisions for deposits and investments? [GASB 3, par. 66 (GASB Cod. Sec. I50.162)]	_____	_____	_____
d. A statement that bank balances of deposits as of the balance-sheet date are entirely insured or collateralized with securities held by the entity or by its agent in the entity's name? [GASB 3, par. 67 (GASB Cod. Sec. I50.163)]	_____	_____	_____
e. For bank balances of deposits as of the balance-sheet date are not entirely insured or collateralized with securities held by the entity:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) Carrying amounts of total deposits if not separately displayed on the balance sheet?	_____	_____	_____
(2) The total bank balance classified in these three categories of credit risk:			
(i) Insured or collateralized with securities held by the entity or by its agent in the entity's name?	_____	_____	_____
(ii) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name?	_____	_____	_____
(iii) Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name)? [GASB 3, par. 67 (GASB Cod. Sec. I50.163)]	_____	_____	_____
f. Are the carrying amount and market value of investments (including repurchase agreements) as of the balance-sheet date disclosed in total and for each type of investment? [GASB 3, par. 68 (GASB Cod. Sec. I50.164)]	_____	_____	_____
g. Are the carrying amounts of investments for each of the following three categories of credit risk disclosed:			
(1) Insured or registered or securities held by the entity or its agent in the entity's name?	_____	_____	_____
(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name?	_____	_____	_____
(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name? [GASB 3, par. 68 (GASB Cod. Sec. I50.164)]	_____	_____	_____
h. If unrealized investment losses in one or more component units or funds are not apparent because of unrealized investment gains in the remaining funds, are the carrying amounts and market value of that unit's or fund's total investments disclosed? [GASB 3, par. 71, as amended by GASB 14 (GASB Cod. Sec. I50.167)]	_____	_____	_____
i. If there are outstanding commitments as of the balance-sheet date to resell securities under yield maintenance repurchase agreements, are the market value and carrying amount as of the balance-sheet date, as well as a description of the terms of the agreement, disclosed? [GASB 3, par. 72, (GASB Cod. Sec. I50.168)]	_____	_____	_____
j. If uncollateralized deposits or uninsured, unregistered securities held by the counterparty, or by the trust department or agent not in the entity's name during the period significantly exceed the amounts in those categories as of the balance-sheet date, is that fact disclosed? [GASB 3, par. 73 (GASB Cod. Sec. I50.169)]	_____	_____	_____
k. Does the entity disclose the types of investments made during the period but not owned as of the balance-sheet date? [GASB 3, par. 74 (GASB Cod. Sec. I50.170)]	_____	_____	_____
l. Does the entity disclose losses recognized during the period resulting from default by counterparties to deposit or investment transactions and amounts recovered from prior-period losses if these are not shown separately on the operating statements? [GASB 3, par. 75 (GASB Cod. Sec. I50.171)]	_____	_____	_____
m. In connection with reverse repurchase agreements:			
(1) For reverse repurchase agreements other than yield maintenance agreements that are outstanding as of the balance-sheet date, is the credit risk related to the agreements disclosed? [GASB 3, par. 78 (GASB Cod. Sec. R10.110)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) Is disclosure made for commitments as of the balance-sheet date to repurchase securities under, yield maintenance agreements including the market value as of the balance-sheet date of the securities to be repurchased and a description of the terms of the agreements? [GASB 3, par. 79 (GASB Cod. Sec. R10.111)]	_____	_____	_____
(3) Is disclosure made for losses recognized during the period due to default by counterparties to reverse repurchase agreements and amounts recovered from prior-period losses if not shown separately on the operating statement? [GASB 3, par. 80 (GASB Cod. Sec. R10.112)]	_____	_____	_____
C. Notes and Accounts Receivable			
1. Are notes or accounts receivable due from affiliated enterprises disclosed separately? [ARB 43, Ch. 1A, par. 5 (AC R36.105)]	_____	_____	_____
2. If a note is noninterest-bearing or has an inappropriate stated interest rate:			
a. Is the discount or premium presented as a deduction from or addition to the face amount of the note? [APB 21, par. 16 (AC I69.109)]	_____	_____	_____
b. Does the disclosure include the effective interest rate and face amount of the note? [APB 21, par. 16 (AC I69.109)]	_____	_____	_____
c. Is amortization of discount or premium reported as interest expense in the operating statement? [APB 21, par. 16 (AC I69.109)]	_____	_____	_____
3. Are the amounts due to a fund from other funds, as well as the amounts owed to other funds, reflected in the fund accounts and in fund financial statements and not offset? [NCGA 1, par. 22 and fn. 5 (GASB Cod. Sec. 1300.110)]	_____	_____	_____
4. Are the amounts of interfund receivables and payables disclosed by the fund? [AAG-SLG, par. 8.18]	_____	_____	_____
5. Are property tax assessments recognized in the fiscal period levied (provided they will be collected in the current period or within 60 days thereafter)? [NCGAI 3, pars. 6 and 8 (GASB Cod. Sec. P70.103)]	_____	_____	_____
6. If, because of unusual circumstances, the facts justify the collection period to exceed 60 days, does the entity disclose the period used and the facts that justify the recording practice used? [NCGAI 3, pars. 6 and 8 (GASB Cod. Sec. P70.103); AAG-SLG, par. 8.10]	_____	_____	_____
D. Inventories			
1. Are significant amounts of inventory reported on the balance sheet? [NCGA 1, par. 73, as amended by GASB 6, par. 15 (GASB Cod. Sec. 1600.123)]	_____	_____	_____
2. Is the basis for stating inventories disclosed, including the method of determining cost? [ARB 43, Ch. 3A, par. 9 and Ch. 4, par. 15 (AC I78.120)]	_____	_____	_____
3. If substantial and unusual losses result from write-down to market values, are these disclosed separately from other expenditures/expenses (e.g., cost of goods sold in the operating statement)? [ARB 43, Ch. 4, par. 14 (AC I78.117)]	_____	_____	_____
E. Investments and Joint Ventures			
1. Do disclosures applicable to the equity method of accounting for investments in common stock include:			
a. The name of each investee and percentage of ownership or other manifestation of significant influence?	_____	_____	_____
b. Accounting policies of the entity relative to equity method investments?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Difference, if any, between the amount at which the investment is carried and the amount of underlying equity in net assets and the accounting treatment of the difference?	_____	_____	_____
d. The aggregate market value of each identified investment for which a market value is available? [APB 18, par. 20 (AC I82.110)]	_____	_____	_____
e. Are equity method investments shown in the balance sheet as a single amount, and the entity's share of operating results of the investee shown in the operating statement as a single amount (except for extraordinary items, prior-period adjustments, etc.)? [APB 18, pars. 19c and d (AC I82.109c and d)]	_____	_____	_____
2. Proprietary funds			
a. Does the "investment in joint venture" account reported in a proprietary fund report the participating government's equity interest calculated in accordance with the joint venture agreement?	_____	_____	_____
b. Is the equity interest reported in the proprietary fund's balance sheet as a single amount?	_____	_____	_____
c. Is the fund's share of the joint venture's net income or loss reported in its operating statement as a single amount? [GASB 14 par. 73 (GASB Cod. Sec. J50.106)]	_____	_____	_____
3. Governmental funds			
a. Is all or a portion of the equity interest reported in the GFAAG in accordance with the joint venture agreement?	_____	_____	_____
b. Is the amount reported in the GFAAG the total equity adjusted for any portion of the equity interest that is included in the balance sheet of the governmental fund?	_____	_____	_____
c. Do governmental fund operating statements report changes in joint venture equity only to the extent that the amounts received or receivable from the joint venture or the amounts paid or payable to the joint venture satisfy the revenue or expenditure recognition for governmental funds? [GASB 14, par. 74 (GASB Cod. Sec. J50.107)]	_____	_____	_____
4. Regardless of whether there is an equity interest, do joint venture government participant organizations disclose the following in the notes to the financial statements:			
a. A general description of each joint venture, including:			
(1) A description of the participating government's ongoing financial interest (including its equity interest, if applicable) or ongoing financial responsibility?	_____	_____	_____
(2) Enough information to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the participating government in the future?	_____	_____	_____
(3) Information about the availability of separate financial statements of the joint venture?	_____	_____	_____
(4) Disclosure of any other information required for related-party transactions? [GASB 14, par. 75 (GASB Cod. Sec. J50.108)]	_____	_____	_____
5. For joint building or finance authorities, if the capital assets are leased back to the participating government, does the government report its respective shares of the assets, liabilities, and operations of the joint venture? [GASB 14, par. 76 (GASB Cod. Sec. J50.109)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Jointly Governed Organizations			
1. If a government joint venture participant does not retain an ongoing financial interest or responsibility in the joint venture, are the disclosures required for related-party transactions made? [GASB 14, par. 77 (GASB Cod. Sec. J50.110)]	_____	_____	_____
G. Component Units and Related Organizations with Joint Venture Characteristics			
1. If the participant appoints a voting majority of the organization's governing body (and joint control is precluded because the participant has the ability to make decisions unilaterally) and the organization is either a component unit or a related organization of that participating government, is that organization included in that participating government's financial statements?	_____	_____	_____
2. Do the other (minority) participants disclose the nature of their participation in the organization?	_____	_____	_____
3. Does the organization itself, when included as a component unit in the majority participant's financial reporting entity, report any equity interests of the minority participants as fund balance or retained earnings "reserved for minority interests"?	_____	_____	_____
4. If a jointly controlled organization is considered a component unit of one of the participating governments because of fiscal dependency, is proper disclosure made? [GASB 14, par. 78 (GASB Cod. Sec. J50.111)]	_____	_____	_____
H. Undivided Interests			
1. Does a government that participates in an undivided interest (no entity or organization is created by the participants and two or more parties own property in which title is held individually to the extent of each party's interest) report its assets, liabilities, expenditures/expenses, and revenues that are associated with the joint operation?	_____	_____	_____
2. If a separate organization is created but there is an undivided interest in specific assets and liabilities and equity interests in the other net resources of the organization (a hybrid arrangement), does the participant report its undivided interest? [GASB 14, par. 80 (GASB Cod. Sec. J50.113)]	_____	_____	_____
I. Fixed Assets			
1. Are general fixed assets, other than those accounted for in the proprietary funds, trust or agency funds, accounted for in the GFAAG rather than in the governmental funds? [NCGA 1, par. 38 (GASB Cod. Sec. 1400.106)]	_____	_____	_____
2. For assets capitalized in the GFAAG, are the following disclosures made in the financial statements or the notes:			
a. Details of general fixed assets, such as land, buildings, and equipment?	_____	_____	_____
b. The basis for valuing assets in the GFAAG (e.g., cost or estimated cost)?	_____	_____	_____
c. Whether infrastructure assets are included or excluded from the GFAAG?	_____	_____	_____
d. Whether depreciation is reported in the GFAAG and, if so, the depreciable lives and methods of depreciation?	_____	_____	_____
e. A reconciliation of changes in the GFAAG during the year?	_____	_____	_____
f. Capitalization of interest during construction?	_____	_____	_____
g. Commitments under long-term construction projects?	_____	_____	_____
h. Pertinent data regarding capital and operating leases? [AAG-SLG, par. 10.20]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Regarding fixed assets other than those pertaining to the proprietary funds or trust funds, are the following disclosures made:			
a. A breakdown of fixed assets by major classes? [APB 12, par. 5 (AC D40.105b)]	_____	_____	_____
b. Changes in fixed assets by the various classes?	_____	_____	_____
c. The basis of donated fixed assets, which should be the estimated fair market value at the date of acquisition? [NCGA 1, par. 50 (GASB Cod. Sec. 1400.113)]	_____	_____	_____
d. If recording accumulated depreciation in the GFAAG is elected, is the accumulated depreciation account(s) increased and investment in general fixed assets account(s) decreased? [NCGA 1, par. 56 (GASB Cod. Sec. 1400.118)]	_____	_____	_____
4. Regarding proprietary funds, is depreciation expense disclosed for the period? [APB 12, par. 5a (AC D40.105); NCGA 1 par. 53 (GASB Cod. Sec. 1400.115)]	_____	_____	_____
5. Is the accounting policy for reporting public domain or infrastructure fixed assets—roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the governmental unit—consistently applied? [NCGA 1, par. 40 (GASB Cod. Sec. 1400.109)]	_____	_____	_____
J. Lessors			
1. For sales-type and direct financing leases, do disclosures include:			
a. Appropriate components of the net investment in the leases as of the date of each balance sheet presented?	_____	_____	_____
b. Future minimum lease payments to be received for each of the five succeeding fiscal years as of the date of the latest balance sheet presented?	_____	_____	_____
c. Total contingent rentals included in operations for each period for which a statement of revenues and expenditures is presented? [SFAS 13, par. 23a (AC L10.119a); NCGA 5, par. 27 (GASB Cod. Sec. L20.129)]	_____	_____	_____
d. For direct financing leases, the amount of initial direct costs as part of the investment? [SFAS 91, par. 25d (AC L10.119a.1)]	_____	_____	_____
2. For operating leases, do disclosures include:			
a. Cost and carrying amount of property on lease or held for leasing by major classes and the amount of accumulated depreciation as of the date of the latest balance sheet presented?	_____	_____	_____
b. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
c. Total contingent rentals included in operations for each period for which a statement of revenues and expenditures is presented? [SFAS 13, par. 23b (AC L10.119b)]	_____	_____	_____
3. Do disclosures include a general description of the lessor's leasing arrangements? [SFAS 13, par. 23c (AC L10.119c)]	_____	_____	_____
4. Are leveraged leases appropriately accounted for and reported? [SFAS 13, pars. 41—47 (AC L10.143—.149)]	_____	_____	_____
K. Intangible Assets			
1. For proprietary funds, is the method and period of amortization for intangible assets disclosed? [APB 17, par. 30 (AC I60.111); APB 22, par. 13 (AC A10.106)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
L. Liabilities			
1. Do financial statements disclose the nature of any restrictions on assets related to outstanding indebtedness? [AAG-SLG, par. 11.31]	_____	_____	_____
2. Are the following disclosures made related to debt:			
a. The maturity, interest rates, and annual debt service requirements to maturity for the short-term and long-term issues of outstanding indebtedness?	_____	_____	_____
b. The issuance and payment of debt for the period?	_____	_____	_____
c. Details of capital leases?	_____	_____	_____
d. Amounts of authorized but unissued debt?	_____	_____	_____
e. The existence of any significant bond covenants and liquidity agreements?	_____	_____	_____
f. Violations of bond covenants?	_____	_____	_____
g. Nature and amount of contingent and moral obligations, no-commitment debt, and any actions by the government to extend an obligation to pay?	_____	_____	_____
h. The amount of unpaid debt that has been defeased?	_____	_____	_____
i. The refunding of debt, including the difference between the cash flows to service the old debt and the cash flows to service the new debt, and the economic gain or loss resulting from the transaction?	_____	_____	_____
j. Debt incurred subsequent to the balance-sheet date but before the financial statements are issued?	_____	_____	_____
k. An existing or anticipated inability to pay debt when due? [AAG-SLG, par. 11.31]	_____	_____	_____
3. Do governmental fund balance sheets reflect only the current portion of the liabilities left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources? [AAG-SLG, par. 17.16]	_____	_____	_____
4. Are only current liabilities, commonly referred to as fund or short-term liabilities, reported on the governmental fund balance sheets? [AAG-SLG, par. 9.20]	_____	_____	_____
5. Are significant categories classified and segregated (e.g., accounts payable, accrued costs, notes, customer deposits, interest payable, amounts due to other funds or governments, officers or employees, special termination benefits)? [NCGA 1 (GASB Cod. Sec. 1800)]	_____	_____	_____
6. Are amounts payable from restricted assets separately presented in the financial statements, including:			
a. Construction contracts?	_____	_____	_____
b. Revenue Bonds?	_____	_____	_____
c. Fiscal Agent?	_____	_____	_____
d. Deposits?	_____	_____	_____
e. Accrued interest? [NCGA 1, App. A, Example 1 (GASB Cod. Sec. 2200.903)]	_____	_____	_____
7. If applicable, are the conversion features of convertible debt disclosed? [Generally Accepted]	_____	_____	_____
8. Do current liabilities exclude short-term obligations that the entity intends to refinance on a long-term basis provided the entity has demonstrated the ability to consummate the long-term financing? [SFAS 6, pars. 8—14 (AC B05.112—.116); FASBI 8, pars. 2—4 (AC B05.117 and B05.138—.139)]	_____	_____	_____
9. If a short-term obligation is to be excluded from current liabilities per SFAS 6, do disclosures include:			
a. General description of the financing agreement?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Terms of any new obligation incurred or expected to be incurred, as a result of the refinancing? [SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.117); TB 79-3 (AC B05.501—.503)]	_____	_____	_____
10. For governmental funds, if all legal steps are taken to refinance bond anticipation notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in accordance with SFAS 6, are they shown as part of the GLTDAG? [NCGAI 9, par. 12 (GASB Cod. Sec. B50.101)]	_____	_____	_____
11. Are demand bonds reported as general long-term debt or excluded from current liabilities of proprietary funds if the following conditions are met:			
a. Before the financial statements are issued, the issuer enters into an arm's-length financing (take out) agreement to convert bonds "put" but not resold into some other form of long-term obligation?	_____	_____	_____
b. The take out agreement does not expire within one year from the date of the issuer's balance sheet?	_____	_____	_____
c. The take out agreement is not cancelable by the lender or the prospective lender during that year, and obligations incurred under the take out agreement are not callable by the lender during that year?	_____	_____	_____
d. The lender or the prospective lender or investor is expected to be financially capable of honoring the take out agreement? [GASBI 1, par. 10 (GASB Cod. Sec. D30.108)]	_____	_____	_____
12. If the conditions in Step 11. above are not met, are they reported as fund liabilities or, for proprietary funds, as current liabilities? [GASBI 1, par. 10 (GASB Cod. Sec. D30.108)]	_____	_____	_____
13. In addition to debt disclosures required by GASB Cod. Sec. 2300, are the following disclosures made for demand bonds outstanding:			
a. A general description of the demand bond program?	_____	_____	_____
b. Terms of any letters of credit or other standby liquidity agreements outstanding, commitment fees to obtain the letters of credit, and any amounts drawn on them outstanding as of the balance-sheet date?	_____	_____	_____
c. A description of the take out agreement, including its expiration date, commitment fees to obtain the agreement, and the terms of any new obligations under the take out agreement?	_____	_____	_____
d. The debt service requirements that would result if the take out agreement were to be exercised? [GASBI 1, par. 11 (GASB Cod. Sec. D30.109)]	_____	_____	_____
14. If a take out agreement is exercised converting the bonds to an installment loan, is the installment loan reported as general long-term debt and the payment schedule under the installment loan included as part of the schedule of debt service requirements to maturity, as required by GASB Cod. Sec. 2300, paragraph 104i? [GASBI 1, par. 12 (GASB Cod. Sec. D30.110)]	_____	_____	_____
15. If the conditions of Step 12. above are not met at the time a demand bond is issued (or prior to issuance of the financial statements for that year), is the liability for demand bonds reported as a liability of the fund used to account for the proceeds of the bond issue? [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____
16. If, because a take out agreement expires, it is necessary to report a fund liability for demand bonds previously reported as general long-term debt, is the liability recorded as a liability of the fund in which the proceeds of the issue were initially recorded with a corresponding debit to "other financing uses?" [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
17. If the answer to Steps 16. or 17. above is "yes," are debt redemptions reported as expenditures of the fund from which debt service is normally paid and the liability (represented by the demand bonds) reduced simultaneously by a credit to "other financing sources?" [GASBI 1, par. 13 (GASB Cod. Sec. D30.111)]	_____	_____	_____
18. For periods after a troubled debt restructuring, do disclosures include:			
a. Extent to which amounts contingently payable are included in the carrying amount of restructured payables?	_____	_____	_____
b. Total amounts contingently payable, if applicable, and conditions under which those amounts would become payable or forgiven? [SFAS 15, par. 26 (AC D22.122)]	_____	_____	_____
19. Is debt considered to be extinguished for financial reporting purposes because:			
a. The debtor pays the creditor and is relieved of all its obligations with respect to the debt (this includes the debtor's reacquisition of its outstanding debt securities in the public securities market, regardless of whether the securities are cancelled or held as so-called treasury bonds)?	_____	_____	_____
b. The debtor is legally released from being the primary obligor and it is probable that the debtor will not be required to make future payments with respect to that debt under any guarantee?	_____	_____	_____
c. The debtor irrevocably places cash or other assets in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt and the possibility that the debtor will be required to make future payments with respect to that debt is remote? [SFAS 76, par. 3 (AC D14.102A); GASB 7, par. 4 (GASB Cod. Sec. D20.103)]	_____	_____	_____
20. If debt is considered to be extinguished (in an in-substance defeasance) under the provisions of SFAS 76, paragraph 3 (AC D14.102A(c)), are a general description of the transaction and the amount of debt that is considered extinguished at the end of the period disclosed so long as that debt remains outstanding? [SFAS 76, par. 6 (AC D14.108); GASB 7, pars. 1, 4 and 7 (GASB Cod. Secs. D20.101 and .103)]	_____	_____	_____
21. For proprietary and similar fund types for which GASB 23 has not been adopted, if there is an extinguishment of debt, is the difference between reacquisition price and carrying amount recognized currently in income and identified as a separate item? [NCGAI 9, par. 14, as amended by GASB 7 (GASB Cod. Sec. D20.107); APB 26, pars. 20—21 (AC D14.103—.104)]	_____	_____	_____
a. If the difference is material, is it disclosed as an extraordinary item? [SFAS 4, par. 8 (AC D14.105); NCGAI 9, par. 14, as amended by GASB 7 (GASB Cod. Sec. D20.107)]	_____	_____	_____
22. In an advance refunding resulting in a defeasance of debt, for governmental fund types, are the proceeds of the new debt reported as an "other financing source—proceeds of refunding bonds" in the fund receiving the proceeds?	_____	_____	_____
a. Are payments to the escrow agent from resources provided by the new debt reported as an "other financing use—payment to refunded bond escrow agent"? [GASB 7, par. 8 (GASB Cod. Sec. D20.106)]	_____	_____	_____
23. Regardless of where the debt is reported, for a defeasance of debt through an advance refunding, is a general description of the transaction provided in the notes to the financial statements in the year of the refunding? [GASB 7, par. 11 (GASB Cod. Sec. D20.111)]	_____	_____	_____
24. At a minimum, do the disclosures include:			
a. The difference between the cash flows required to service the new debt and complete the refunding?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The economic gain or loss resulting from the transaction? [GASB 7, par. 11 (GASB Cod. Sec. D20.111)]	_____	_____	_____
25. In all periods following an advance refunding for which debt defeased in substance remains outstanding, is the amount outstanding at period-end disclosed?			
a. Do the disclosures distinguish between the primary government and its discretely presented component units as discussed in GASB 14 paragraphs 11 and 63? [GASB 7, par. 14, as amended by GASB 14, par. 62 (GASB Cod. Sec. D20.114)]	_____	_____	_____
26. Are long-term obligations that are or will be callable by the creditor (because the debtor's violation of the debt agreement at the balance-sheet date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable) classified as current unless one of the following conditions is met:			
a. The creditor waives or subsequently loses the right to demand repayment for more than one year (or operating cycle, if longer) from the balance-sheet date?	_____	_____	_____
b. For long-term obligations containing a grace period within which the debtor may cure the violation, is it probable that the violation will be cured within that period, thus preventing the violation from becoming callable? [SFAS 78, par. 5 (AC B05.109A and B05.118)]	_____	_____	_____
27. Is disclosure made of defaults in provisions of security, indenture, or credit agreements? [SFAS 78, par. 5 (AC B05.109A)]	_____	_____	_____
28. If a waiver is obtained for a stated period of time, is disclosure made of the period? [SFAS 78, par. 5 (AC B05.109A)]	_____	_____	_____
29. Are guarantees and other commitments included in liabilities? [AAG-SLG, pars. 11.10—13]	_____	_____	_____
30. Are bonds, notes, and other long-term liabilities (e.g., for capital leases, pensions, judgments, compensated absences, special termination benefits, and similar commitments) directly related to and expected to be paid from proprietary funds, special assessment funds, and (certain) trust funds included in the accounts of such funds? [NCGA 1, par. 42, as amended by NCGA 4, par. 14, NCGA 6, par. 46, NCGA 9, par. 12, GASB 6, pars. 13 and 23, GASBI 1, par. 13, GASB 13, par. 7, NCGA 4, GASB 16, par. 6, GASB 18, par. 7, and NCGAI 8, par. 12 (GASB Cod. Sec. 1500.102)]	_____	_____	_____
M. Lessees			
1. For capital leases, do disclosures include:			
a. Gross amounts of assets and the accumulated amortization recorded by major classes as of the date of each balance sheet presented?	_____	_____	_____
b. The lease obligations classified as current and long term? [SFAS 13, par. 13 (AC L10.112a (1) and (5)); NCGA 5, par. 7 (GASB Cod. Sec. L20.103)]	_____	_____	_____
c. Future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years, with separate deductions for executory costs and imputed interest? [SFAS 13, par. 16a (AC L10.112a (2))]	_____	_____	_____
d. Total of future minimum sublease rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16a (AC L10.112a (3))]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Total contingent rentals incurred for each period for which a statement of revenue and expenditures is presented? [SFAS 13, par. 16a (AC L10.112a (4)), as amended by SFAS 29, par. 12]	_____	_____	_____
2. For operating leases that have initial or remaining noncancelable lease terms in excess of one year, do disclosures include:			
a. Future minimum rental payments required as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
b. Total of future minimum rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16b (AC L10.112b)]	_____	_____	_____
3. For all operating leases, do disclosures include:			
a. Rental expense for each period for which an operating statement is presented with separate amounts for minimum rentals, contingent rentals, and sublease rentals? [SFAS 13, par. 16c (AC L10.112c)]	_____	_____	_____
b. A general description of the lessee's leasing arrangements including, but not limited to:			
(1) Basis for determination of contingent rentals?	_____	_____	_____
(2) Terms of any renewal or purchase options or escalation clauses?	_____	_____	_____
(3) Restrictive covenants? [SFAS 13, par. 16c and d (AC L10.112c and d)]	_____	_____	_____
N. General Long-Term Debt			
1. Are long-term liabilities of proprietary funds and trust funds accounted for through those funds? [NCGA 1, par. 42, as amended by NCGA 4, par. 14, NCGA 6, par. 46, GASB 13, par. 7, NCGA 4, pars. 17 and 26, NCGAI 8 par. 12, NCGAI 9, par. 12, GASB 6, pars. 13 and 23, GASB 16, par. 6, GASB 18, par. 7, and GASBI 1, par. 13 (GASB Cod. Sec. 1500.102)]	_____	_____	_____
2. Are other unmatured general long-term liabilities of the governmental unit accounted for through the GLTDAG? [NCGA 1, par. 43, as amended by NCGA 4, par. 14, NCGAI 8, pars. 11 and 12, NCGAI 9, par. 12, GASB 6, par. 17, GASB 13, par. 9, GASB 16, par. 13, GASB 17, par. 6, GASB 18, par. 10 and GASBI 1, pars. 10 and 12 (GASB Cod. Sec. 1500.103)]	_____	_____	_____
3. Are the individual components of long-term debt classified appropriately as term bonds, serial bonds, and other general long-term liabilities? [NCGA 1, par. 45 (GASB Cod. Sec. 1500.105)]	_____	_____	_____
4. For advance refundings resulting in defeasance of debt, is the GLTDAG adjusted for the increase or decrease in the amount of long-term debt? [GASB 7, par. 9 (GASB Cod. Sec. D20.107)]	_____	_____	_____
O. Fund Balance			
1. Is disclosure made of any deficit fund balance or deficit retained earnings of individual funds and identification of how it will be liquidated? [NCGAI 6, par. 4, as amended (GASB Cod. Sec. 2300.106); AAG-SLG, par. 12.20]	_____	_____	_____
2. Is the designation "fund balance" only used in appropriate fund types (e.g., General, Special Revenue, Debt Service, Capital Projects, and Trust Fund types)? [NCGA 1, par. 147, as amended (GASB Cod. Sec. 2200.114)]	_____	_____	_____
3. Are the fund balances (equity) of governmental funds classified as either reserved or unreserved? [NCGA 1, par. 121 (GASB Cod. Sec. 1800.126)]	_____	_____	_____
4. Are all changes in fund balances (equity) disclosed? [NCGA 1, par. 146 as amended by GASB 14 (GASB Cod. Sec. 2200.113); AAG-SLG, par. 12.11]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Are any differences between opening fund balances and those previously reported disclosed? [APB 9, par. 26 (AC A35.107); NCGA 1, par. 152 (GASB Cod. Sec. 2200.126)]	_____	_____	_____
6. Is the retained earnings reserve only shown in proprietary funds, such as Enterprise and Internal Service Funds? [NCGA 1, par. 151, as amended by GASB 14 (GASB Cod. Sec. 2200.125)]	_____	_____	_____
7. Are contributed equity and retained earnings separately disclosed in proprietary fund types? [GASB Cod. Sec. 2200.902—.903]	_____	_____	_____
8. Where certain proprietary assets net of related proprietary liabilities are restricted in the balance sheet, is there disclosure of a corresponding reserve in retained earnings? [NCGA 1, App. A, Example 1; GASB 6, par. 13, (GASB Cod. Sec. 2200.903)]	_____	_____	_____
P. Other			
1. Are significant violations during the period of legal or contractual provisions for deposits disclosed? [GASB 3, par. 66 (GASB Cod. Sec. C20.105)]	_____	_____	_____
III. Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types and Discretely Presented Component Units			
A. General			
1. Is a combined statement titled "Combined Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Fund Types and Discretely Presented Component Units" presented? [NCGA 1, par. 139, as amended by GASB 14, pars. 19 and 50; GASB 5, par. 7; GASB 9, par. 6 (GASB Cod. Sec. 1900.116) and NCGA 1, par. 147, as amended by GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
2. Is the primary classification of governmental fund revenues disclosed by fund and source? [NCGA 1, par. 110 (GASB Cod. Sec. 1800.115)]	_____	_____	_____
3. Does the summary indicate whether the basis of accounting used for recording revenues is determined by the fund type in which the grant, entitlement or shared revenue transactions are recorded? [NCGA 2, par. 5, as amended by GASB 6, par. 13 (GASB Cod. Sec. G60.103)]	_____	_____	_____
4. Are the major sources of revenues separately disclosed, such as grants, entitlements and shared revenues, taxes, licenses and permits, intergovernmental revenues, charges for services, fines and forfeits and miscellaneous? [NCGA 1, par. 147 and GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
5. Is a separate column used for each governmental fund type, discretely presented component unit, and similar trust fund used that shows the combined data for all such funds? [NCGA 1, par. 147, as amended by GASB 14, pars. 19, 45 and 46 (GASB Cod. Sec. 2200.110)]	_____	_____	_____
6. If the combined statement contains a total column that aggregates the columnar statements by fund types and account groups, is it captioned "Memorandum Only," and is there a note explaining:			
a. That this column is presented for information only?	_____	_____	_____
b. If interfund balances and transactions have been eliminated?	_____	_____	_____
c. That this column does not present consolidated information? [AAG-SLG, par. 18.10; GASB 14, par. 49 (GASB Cod. Sec. 2200.117)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Are interfund transfers and proceeds of long-term debt, including capital leases, classified separately from fund revenues and expenditures? [NCGA 1, par. 100 (GASB Cod. Sec. 1800.101) and NCGA 1, par. 105; SOP 77-2, par. 4; GASB 21, par. 6, NCGA 1, par. 106, fns. 18 and 19; NCGA 1, par. 107, as amended by GASB 6, par. 13 (GASB Cod. Sec. 1800.106—.109)]	_____	_____	_____
8. Are any grants, entitlements and shared revenues that may be used in more than one fund at the discretion of the recipient, accounted for in an agency fund pending final determination? [NCGA 2, par. 9 (GASB Cod. Sec. G60.107)]	_____	_____	_____
9. Are the assets being held in agency funds pending a determination of the fund(s) to be financed disclosed in the notes to financial statements? [NCGA 2, par. 9 (GASB Cod. Sec. G60.107)]	_____	_____	_____
10. Are designated or reserved fund balances not evident in the financial statements presented in the notes? [AAG-SLG, par. 12.20]	_____	_____	_____
11. If the statement of changes in fund balances (all governmental fund types and discretely presented component units) presents changes in total fund balance, are material changes in each reserve and designation disclosed in notes to the financial statements? [AAG-SLG, par. 12.19]	_____	_____	_____
B. Property Taxes			
1. Do the financial statements or notes disclose that property taxes are recorded on the modified accrual basis? [NCGA 1, par. 63; NCGAI 3, pars. 4, 6 and 8 (GASB Cod. Secs. P70.102—.103)]	_____	_____	_____
2. If the governmental entity desires to exclude some property tax revenues from appropriation to protect cash liquidity, is this restricted revenue disclosed by a designation of fund balance and an appropriate note? [NCGAI 3, par. 10 (GASB Cod. Sec. P70.105)]	_____	_____	_____
3. Are the following details of the governmental unit's property tax calendar disclosed:			
a. Lien dates?	_____	_____	_____
b. Levy dates?	_____	_____	_____
c. Due dates?	_____	_____	_____
d. Collection dates? [NCGAI 3, par. 11 (GASB Cod. Sec. P70.109)]	_____	_____	_____
C. Grants, Entitlements, or Shared Revenues			
1. Is the basis for recording grants, entitlements, or shared revenues disclosed? [NCGAI 6, par. 4, as amended (GASB Cod. Sec. 2300.107m)]	_____	_____	_____
D. Construction-Type Contracts			
1. Is the method selected for recognizing profits under contracts disclosed? [ARB 45, par. 15 (AC Co4.110—.112); APB 22, par. 13 (AC A10.106); SOP 81-1, par. 21]	_____	_____	_____
2. If the percentage of completion method of accounting is being used by the entity, is disclosure made of the method(s) of measuring extent of progress toward completion? [SOP 81-1, pars. 21, 25 and 45]	_____	_____	_____
3. Are claims in excess of the agreed contract price disclosed? [SOP 81-1, pars. 65—67]	_____	_____	_____
E. Expenditures			
1. Are expenditures classified by function or program? [NCGA 1, par. 111 (GASB Cod. Sec. 1800.116)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are the expenditures further classified by character (e.g., current capital outlays and debt service)? [NCGA 1, par. 115 (GASB Cod. Sec. 1800.120)]	_____	_____	_____
3. Are inventory items (materials and supplies) considered expenditures, either when purchased (purchase method) or when used (consumption method) (significant amounts of inventory should be reported in the balance sheet)? [NCGA 1, par. 73, as amended by GASB 6, par. 15 (GASB Cod. Sec. 1600.123)]	_____	_____	_____
4. Is the method of accounting for expenditures for insurance and similar services that extend over more than one accounting period disclosed? [NCGA 1, par. 73, as amended by GASB 6, par. 15 (GASB Cod. Sec. 1600.123)]	_____	_____	_____
5. If debt service fund resources are provided during the current year for payment of principal and interest due early in the following year, are expenditure and related liability recognized in the debt service fund and is the debt principal amount removed from the GLTDAC, or is disclosure made of subsequent year debt service requirements? [NCGA 1, par. 72, GASB 6, pars. 15 and 17 (GASB Cod. Sec. 1600.122)]	_____	_____	_____
F. Depreciation			
1. Is the policy of not recording depreciation expense followed in all governmental funds? [NCGA 1, par. 54 (GASB Cod. Sec. 1400.116)]	_____	_____	_____
G. Transfers			
1. Are residual equity transfers reported as additions to or deductions from the beginning fund balance?	_____	_____	_____
2. Are operating transfers reported in the "Other Financing Sources (Uses)" section in the statement? [NCGA 1, par. 106, fns. 18 and 19 (GASB Cod. Sec. 1800.107)]	_____	_____	_____
H. Budgetary Reporting			
1. Are differences between the budgetary basis and GAAP, as well as other differences, explained in the financial statements or related notes? [NCGA 1, par. 154 as amended by GASB 14 and NCGAI 10, pars. 15—25 (GASB Cod. Secs. 2400.104 and 2400.113—.123); AAG-SLG, pars. 6.12 and 9.19]	_____	_____	_____
2. Do the notes to financial statements disclose the degree to which the reporting entity's financial operations are subject to a comprehensive "appropriated budget," "nonappropriated budget," or are nonbudgeted financial activities? [NCGAI 10, par. 13 (GASB Cod. Sec. 2400.111)]	_____	_____	_____
3. When a separate budgetary report is prepared, do the notes to the general purpose financial statements make reference to that report? [NCGAI 10, par. 14 (GASB Cod. Sec. 2400.112)]	_____	_____	_____
4. Is the aggregation by governmental fund type of the annual appropriated budgets for those funds, as amended, compared with related actual amounts presented? [AAG-SLG, par. 6.11]	_____	_____	_____
IV. Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types			
A. General			
1. Is the combined statement titled as shown above for the general fund, all special revenue funds, and other governmental fund types for which annual budgets are legally adopted? [NCGA 1, par. 153 and GASB 14, par. 56 (GASB Cod. Sec. 2400.102)]	_____	_____	_____
2. Is a separate column used for each governmental fund type presented showing combined results for all funds of that type? [NCGA 1, par. 147, GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are differences between the budgetary basis and GAAP (as well as other differences) explained in the notes to financial statements? [NCGA 1, par. 154 as amended by GASB 14 and NCGAI 10, pars. 15—25 (GASB Cod. Secs. 2400.104 and 2400.113—.123); AAG-SLG, par. 9.19]	_____	_____	_____
4. Do the notes to financial statements disclose the degree to which the reporting entity's financial operations are subject to a comprehensive "appropriated budget," "nonappropriated budget," or are nonbudgeted financial activities? [NCGAI 10, par. 13 (GASB Cod. Sec. 2400.111)]	_____	_____	_____
5. If a separate budgetary report is prepared, do the notes to the general purpose financial statements make reference to that report? [NCGAI 10, par. 14 (GASB Cod. Sec. 2400.112)]	_____	_____	_____
V. Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units			
A. General			
1. Is a statement titled "Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Or Equity)—All Proprietary Fund Types" presented? [NCGA 1, par. 139 (GASB Cod. Sec. 2200.108)]	_____	_____	_____
2. Does the statement include all proprietary fund types and similar trust funds? [NCGA 1, par. 167; SOP 80-2, par. 4; GASB 9, par. 6; and GASB 14, pars. 19, 50, and 56 (GASB Cod. Sec. 2200.138)]	_____	_____	_____
3. Is a separate column used for each proprietary fund type showing combined results for all funds of that type? [NCGA 1, par. 147; GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
4. If a total column is shown, is it captioned "Memorandum Only," with disclosure in a note:			
a. That this column is presented for information only?	_____	_____	_____
b. That any interfund balances and transactions have been eliminated? [AAG-SLG, par. 18.10; GASB 14, par. 49 (GASB Cod. Sec. 2200.117)]	_____	_____	_____
5. Are the major sources of operating and nonoperating revenues and expenses shown separately on the statement? [NCGA 1, par. 117 as amended by GASB 20, pars. 6 and 7 (GASB Cod. Sec. 1800.122)]	_____	_____	_____
6. Is disclosure made regarding the entity's policy for recognizing proprietary and nonexpendable pension and trust fund revenues and expenses? [NCGA 1, par. 74 as amended by GASB 20, pars. 6 and 7 (GASB Cod. Sec. 1600.126)]	_____	_____	_____
7. Is the method of recognizing sales or revenues disclosed? [NCGA 1, par. 66 (GASB Cod. Sec. 1600.116); AAG, SLG, par. 8.17]	_____	_____	_____
B. Extraordinary Items			
1. Is gain or loss resulting from an involuntary conversion of a nonmonetary asset to a monetary asset classified as either an extraordinary item or as an unusual or infrequent item, whichever is applicable? [FASBI 30, par. 4 (AC N35.118)]	_____	_____	_____
2. For those units that do not adopt GASB 23 and gains or losses from extinguishment of debt classified as extraordinary items, is disclosure made describing the extinguishment transaction, including the source(s) of any funds used to extinguish the debt (if it is practicable to identify the sources)? [NCGAI 9, par. 14, as amended by GASB 7 (GASB Cod. Sec. D20.106)]	_____	_____	_____
3. Are the following disclosures considered:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Material events or transactions that do not meet the criteria for classification as an extraordinary item, reported as a separate component of income from continuing operations? [APB 30, par. 26 (AC I22.101)]	_____	_____	_____
b. The nature and financial effect of each transaction or event? [APB 30, par. 26 (AC I22.101)]	_____	_____	_____
4. Do disclosures include descriptions of an extraordinary event or transaction and the principal items entering into the determination of extraordinary gain or loss? [APB 30, par. 11 (AC I17.102)]	_____	_____	_____
5. Are all extraordinary items segregated from results of ordinary operations? [APB 30, par. 10]	_____	_____	_____
6. For an adjustment of an extraordinary item reported in a prior period:			
a. Is the adjustment classified separately as an extraordinary item in the current period?	_____	_____	_____
b. Are the nature, origin and amount of the item disclosed? [SFAS 16, par. 16(c) (AC I17.119)]	_____	_____	_____
C. Interest			
1. Is the following information with respect to interest cost disclosed:			
a. If no interest cost is capitalized, the amount of interest cost incurred and charged to expense during the period?	_____	_____	_____
b. If some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that is capitalized? [SFAS 34, par. 21 (AC I67.118)]	_____	_____	_____
D. Residual Equity and Operating Transfers			
1. Are residual fund transfers reported as additions to contributed capital or as reductions of retained earnings or contributed capital as appropriate in the circumstances?	_____	_____	_____
2. Are operating transfers reported in the "Operating Transfers Section" of the statement? [NCGA 1, par. 106, fns. 18 and 19 (GASB Cod. Sec. 1800.107)]	_____	_____	_____
E. Depreciation			
1. Are the following disclosures made in the financial statements or in notes thereto (depreciation is provided on property and equipment recorded in proprietary funds):			
a. Depreciation expense for the period?	_____	_____	_____
b. Balance of major classes of depreciable assets, by nature or function at the balance-sheet date?	_____	_____	_____
c. Accumulated depreciation, either by major classes of depreciable assets or in total at the balance-sheet date?	_____	_____	_____
d. A general description of the method or methods used in computing depreciation with respect to major classes of depreciable assets? [NCGA 1, pars. 52—53 (GASB Cod. Sec. 1400.114—.115); APB 12, par. 5 (AC D40.105)]	_____	_____	_____
F. Futures Contracts			
1. If the enterprise enters into futures contracts that are accounted for as hedges, are the following disclosed:			
a. The nature of the assets, liabilities, firm commitments, or anticipated transactions that are hedged with futures contracts?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Method of accounting for the futures contracts, including a description of the events or transactions that result in recognition in income of changes in value of the futures contracts? [SFAS 80, par. 12 (AC F80.112)]	_____	_____	_____
G. Research and Development Costs			
1. Is disclosure made in the financial statements of the total research and development costs charged to expense in each period for which an income statement is presented? [SFAS 2, par. 13 (AC R50.109)]	_____	_____	_____
H. Changes in Fund Balances/Retained Earnings			
1. Is disclosure made of changes in all fund balances/retained earnings? [APB 12, par. 10 (AC Co8.102); NCGA 1, par. 147 and GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.114)]	_____	_____	_____
I. Segment Information			
1. Are segment disclosures made for all "major nonhomogeneous" enterprise funds? [NCGAI 2, par. 4 (GASB Cod. Sec. 2500.104)]	_____	_____	_____
2. If segment disclosures are necessary to make the GPFS not misleading, are they presented? [NCGAI 2, par. 4 (GASB Cod. Sec. 2500.104)]	_____	_____	_____
3. Are the following segment disclosures disclosed:			
a. Material intergovernmental operating subsidies to an enterprise fund?	_____	_____	_____
b. Material intragovernmental operating subsidies to or from an enterprise fund?	_____	_____	_____
c. Material enterprise fund tax revenues?	_____	_____	_____
d. A material enterprise fund operating income or loss?	_____	_____	_____
e. A material enterprise fund net income or loss? [NCGAI 2, par. 5 (GASB Cod. Sec. 2500.105)]	_____	_____	_____
4. Are the following disclosures made for each "major nonhomogeneous" enterprise fund and in the aggregate for all other enterprise funds:			
a. Types of goods or services provided?	_____	_____	_____
b. Operating revenues (total revenues from sales of goods or services) (sales to other funds of the governmental unit, if material, should be separately disclosed)?	_____	_____	_____
c. Depreciation, depletion and amortization expenses?	_____	_____	_____
d. Operating income or loss (operating revenues less operating expenses)?	_____	_____	_____
e. Operating grants, entitlements, and shared revenues?	_____	_____	_____
f. Operating interfund transfers in and out?	_____	_____	_____
g. Tax revenues?	_____	_____	_____
h. Net income or loss (total revenues less total expenses)?	_____	_____	_____
i. Current capital contributions and transfers?	_____	_____	_____
j. Property, plant, and equipment additions and deletions?	_____	_____	_____
k. Net working capital (current assets less current liabilities)?	_____	_____	_____
l. Total assets?	_____	_____	_____
m. Bonds and other material long-term liabilities outstanding (amounts payable solely from operating revenues should be disclosed separately from amounts also potentially payable from other sources)?	_____	_____	_____
n. Total equity?	_____	_____	_____
o. Any other material facts necessary to make the GPFS not misleading? [NCGAI 2, par. 7 (GASB Cod. Sec. 2500.107)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
VI. Combined Statement of Cash Flows—All Proprietary Fund Types and Discretely Presented Component Units			
A. Title			
1. Is the statement titled "Combined Statement of Cash Flows"? [NCGA 1, par. 156; GASB 9, pars. 6 and 36; GASB 14, pars. 19, 45, and 46 (GASB Cod. Sec. 2200.116)]	_____	_____	_____
B. Format and Policy			
1. If a full set of financial statements is presented, is a statement of cash flows presented for each period for which results of operations are presented? [GASB 9, par. 6 (GASB Cod. Sec. 2450.103)]	_____	_____	_____
2. Is a reconciliation of operating income (or net income if operating income is not separately identified on the operating statement) to net cash flow from operating activities presented? [GASB 9, par. 7 (GASB Cod. Sec. 2450.104)]	_____	_____	_____
3. Are changes in cash and cash equivalents, regardless of whether there are restrictions on their use, disclosed?	_____	_____	_____
4. Does the statement use a descriptive term, such as "cash" or "cash and cash equivalents," rather than the term "funds"? [GASB 9, par. 8 (GASB Cod. Sec. 2450.105)]	_____	_____	_____
5. Does the entity disclose its policy on which short-term investments are cash equivalents?	_____	_____	_____
a. If there is a change in policy, are prior-year financial statements restated? [GASB 9, par. 11 (GASB Cod. Sec. 2450.108)]	_____	_____	_____
C. Classification of Cash Receipts and Cash Payments			
1. Are cash receipts and cash payments for the following transactions classified as cash flows from operating activities:			
a. Cash inflows from sales of goods or services?	_____	_____	_____
b. Cash receipts from quasi-external operating transactions with other funds?	_____	_____	_____
c. Cash receipts from grants for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
d. Cash receipts from other funds for reimbursement of operating transactions?	_____	_____	_____
e. Cash payments to acquire materials for providing services and manufacturing goods for resale?	_____	_____	_____
f. Cash payments to other suppliers for other goods or services?	_____	_____	_____
g. Cash payments to employees for services?	_____	_____	_____
h. Cash payments for grants to other governments or organizations for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
i. Cash payments for taxes, duties, fines, and other fees or penalties?	_____	_____	_____
j. Cash payments for quasi-external operating transactions with other funds, including payments in lieu of taxes?	_____	_____	_____
k. All other cash receipts and payments that do not result from transactions defined as capital and related financing, noncapital financing, or investing activities? [GASB 9, pars. 17—18 (GASB Cod. Sec. 2450.114 and .115)]	_____	_____	_____
2. Are transactions of loan programs undertaken to fulfill a governmental responsibility classified as transactions from operating activities? [GASB 9, par. 19 (GASB Cod. Sec. 2450.116)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are cash receipts and payments for the following transactions classified as cash flows from noncapital financing activities:			
a. Proceeds from issuing bonds, notes, and other short- or long-term borrowing not clearly attributable to acquisition, construction, or improvement of capital assets?	_____	_____	_____
b. Cash receipts from grants or subsidies, except those specifically restricted for capital purposes and those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
c. Cash received from other funds except those amounts that are clearly attributable to acquisition, construction, or improvement of capital assets, quasi-external operating transactions, and reimbursement for operating transactions?	_____	_____	_____
d. Cash received from property and other taxes collected for the governmental enterprise and not specifically restricted for capital purposes?	_____	_____	_____
e. Repayments of amounts borrowed for purposes other than acquiring, constructing, or improving capital assets?	_____	_____	_____
f. Interest payments to lenders and other creditors on amounts borrowed or credit extended for purposes other than acquiring, constructing, or improving capital assets?	_____	_____	_____
g. Cash paid as grants or subsidies to other governments or organizations, except those for specific activities that are considered to be operating activities of the grantor government?	_____	_____	_____
h. Cash paid to other funds, except for quasi-external operating transactions? [GASB 9, pars. 21—22 (GASB Cod. Sec. 2450.118 and .119)]	_____	_____	_____
4. Are cash receipts and cash payments for the following transactions classified as cash flows from capital and related financing activities:			
a. Proceeds from issuing or refunding bonds, mortgages, notes, and other short- or long-term borrowing clearly attributable to the acquisition, construction, or improvement of capital assets?	_____	_____	_____
b. Receipts from capital grants awarded to the governmental enterprise?	_____	_____	_____
c. Receipts from contributions made by other funds, other governments, and other organizations or individuals for the specific purpose of defraying the cost of acquiring, constructing, or improving capital assets?	_____	_____	_____
d. Receipts from sales of capital assets; also, proceeds from insurance on capital assets that are stolen or destroyed?	_____	_____	_____
e. Receipts from special assessments or property and other taxes levied specifically to finance the construction, acquisition, or improvement of capital assets?	_____	_____	_____
f. Payments to acquire, construct, or improve capital assets?	_____	_____	_____
g. Repayments or refundings of amounts borrowed specifically to acquire, construct, or improve capital assets?	_____	_____	_____
h. Other principal payments to vendors who have extended credit to the governmental enterprise directly for purposes of acquiring, constructing, or improving capital assets?	_____	_____	_____
i. Cash payments to lenders and other creditors for interest directly related to acquiring, constructing, or improving capital assets? [GASB 9, pars. 24—25 (GASB Cod. Sec. 2450.121 and .122)]	_____	_____	_____
5. Are cash receipts and cash payments for the following transactions classified as cash flows from investing activities:			
a. Receipts from collections of loans (except program loans) made by the governmental enterprise and sales of other entities' debt instruments (other than cash equivalents) that are purchased by the governmental enterprise?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Receipts from sales of equity instruments and from returns of investment in those instruments?	_____	_____	_____
c. Interest and dividends received as returns on loans (except program loans), debt instruments of other entities, equity securities, and cash management of investment pools?	_____	_____	_____
d. Withdrawals from investment pools that the governmental enterprise is not using as demand accounts?	_____	_____	_____
e. Disbursements for loans (except program loans) made by the governmental enterprise and payments to acquire debt instruments of other entities (other than cash equivalents)?	_____	_____	_____
f. Payments to acquire equity instruments?	_____	_____	_____
g. Deposits into investment pools that the governmental enterprise is not using as demand accounts? [GASB 9, pars. 27—28 (GASB Cod. Sec. 2450.124 and .125)]	_____	_____	_____
D. Content and Form			
1. Does the statement of cash flows report net cash provided or used in each of the four categories, as well as the net effect of those flows on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? [GASB 9, par. 30 (GASB Cod. Sec. 2450.127)]	_____	_____	_____
2. Are net cash flows from operating activities reported indirectly by adjusting operating income (or net income if operating income is not separately identified on the operating statement) to reconcile it to net cash flow from operating activities? [GASB 9, par. 32 (GASB Cod. Sec. 2450.129)]	_____	_____	_____
a. If answer is “yes”:			
(1) Is operating income adjusted to remove the effects of depreciation, amortization, and other deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred revenue, and all accruals of expected future operating and cash receipts and payments, such as changes during the period in receivables and payables?	_____	_____	_____
(2) And if the reconciliation is to net income rather than operating income, are the effects of all items whose cash effects were capital and related financing, noncapital financing, or investing cash flows removed? [GASB 9, par. 32 (GASB Cod. Sec. 2450.129)]	_____	_____	_____
3. Is a reconciliation of operating income (or net income if operating income is not separately identified on the operating statement) to net cash flow from operating activities provided regardless of whether the direct or indirect method of reporting net cash flow from operating activities is used? [GASB 9, par. 33 (GASB Cod. Sec. 2450.130)]	_____	_____	_____
4. Does the reconciliation separately report all major classes of reconciling items, at a minimum, changes during the period in receivables pertaining to operating activities, in inventory, and in payables pertaining to operating activities? [GASB 9, par. 33 (GASB Cod. Sec. 2450.130)]	_____	_____	_____
5. If the direct method is used, is the reconciliation of operating income (or net income if operating income is not separately identified on the operating statement) to net cash flow from operating activities provided in a separate schedule? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____
6. If the indirect method is used, is the reconciliation reported within the operating activities section of the statement of cash flows or provided in a separate schedule? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. If the reconciliation is presented within the operating activities section of the statement of cash flows, are all the adjustments to operating income (or net income if operating income is not separately identified on the operating statement) to determine cash flow from operating activities clearly identified as reconciling items? [GASB 9, par. 34 (GASB Cod. Sec. 2450.131)]	_____	_____	_____
E. Noncash Investing, Capital, and Financing Activities			
1. Is information about all investing, capital, and financing activities of a governmental enterprise during a period that affected recognized assets or liabilities but did not result in cash receipts or cash payments for the period reported? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____
2. Is the information presented in a separate schedule (narrative or tabular)? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____
3. Does it clearly describe the cash and noncash aspects of transactions involving similar items? [GASB 9, par. 37 (GASB Cod. Sec. 2450.134)]	_____	_____	_____

Appendix A ⁸

A. Loss Contingencies

1. Is disclosure of a loss contingency made when there is at least a reasonable possibility that a loss or an additional loss may have been incurred? _____
2. Does the disclosure indicate the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made? _____
[GASB 10, par. 58 (GASB Code Sec. C50.115)]

B. Annuity Contracts

3. If the entity purchased an annuity contract in a claimant's name to satisfy a claim liability, and the liability is removed from the balance sheet, is the outstanding amount of liabilities removed from the balance sheet disclosed as long as those contingent liabilities are outstanding? _____
 - a. If it is determined that the primary liability will revert back to the entity, is the liability reinstated on the entity's balance sheet? _____
[GASB 10, par. 61 (GASB Code Sec. C50.118)]

C. Internal Service Fund

4. If there is a deficit fund balance in the internal service fund, is it disclosed in the notes to financial statements? _____
[GASB 10, par. 67 (GASB Code Sec. C50.124)]

D. Other Matters

5. In a pool in which there is a transfer or pooling (sharing) of risks among the participants of that pool, does the entity report its premium or required contribution as insurance expenditure/expense? _____
[GASB 10, par. 69 (GASB Code Sec. C50.128)]
6. If the pool is permitted to make additional assessments to its members, does the entity report an additional expenditure/expense and a liability if an assessment is probable and can be reasonably estimated? _____
[GASB 10, par. 69 (GASB Code Sec. C50.128)]
7. Are assessment amounts that are probable but not reasonably estimable disclosed? _____
[GASB 10, par. 69 (GASB Code Sec. C50.128)]
8. If it appears that the pool will not be able to meet its obligations and it is probable that the entity will be required to pay its own obligations if the pool fails, are the amounts of the obligations reported as an expenditure/expense and as a liability if they can be reasonably estimated? _____
[GASB 10, par. 70 (GASB Code Sec. C50.129)]
9. If the entity is insured under a retrospectively rated insurance policy, does it disclose that fact, and that premiums are accrued based on the ultimate cost of the experience to date of a group of entities? _____
[GASB 10, par. 74 (GASB Code Sec. C50.133)]
10. For entities other than pools, are the following disclosed in the notes to the financial statements:
 - a. A description of the risks of loss to which the entity is exposed and the way(s) in which those risks of loss are handled (e.g., purchase of commercial insurance, participation in a public entity risk pool, risk retention)? _____
 - b. A description of significant reductions in insurance coverage from coverage in the prior year by major categories of risk, and an indication whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years? _____

⁸ GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, for entities other than pools, is effective for financial statements for periods beginning after June 15, 1994. This appendix incorporates the disclosure and reporting requirements in that Statement and should be used by entities choosing to early apply the provisions of the Statement.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. If the entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibilities of both the entity and the pool?	_____	_____	_____
d. If an entity retains the risk of loss:			
(1) The basis for estimating the liabilities for unpaid claims?	_____	_____	_____
(2) The carrying amount of liabilities for unpaid claims that are presented at present value in the financial statements and the range of discount rates used to discount those liabilities?	_____	_____	_____
(3) The aggregate outstanding amount of claims liabilities for which annuity contracts are purchased in the claimants' names and for which the related liabilities are removed from the balance sheet (annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure)?	_____	_____	_____
(4) A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year, in the following tabular format:			
(i) Amount of claims liabilities at the beginning of each fiscal year?	_____	_____	_____
(ii) Incurred claims, representing the total of a provision for events of the current fiscal year and any change (increase or decrease) in the provision for events of prior fiscal years?	_____	_____	_____
(iii) Payments on claims attributable to events of both the current fiscal year and prior fiscal years?	_____	_____	_____
(iv) Other (provide an explanation of each material item)?	_____	_____	_____
(v) Amount of claims liabilities at the end of each fiscal year? [GASB 10, par. 77 (GASB Code Sec. C50.136)]	_____	_____	_____
E. Level of Disclosure			
11. If the disclosures required by GASB 10 for the entity as a whole are inadequate or deemed misleading, are additional disclosures or a separate presentation made by fund or fund type? [GASB 10, par. 78 as amended by GASB 14, pars. 11 and 63 (GASB Code Sec. C50.137)]	_____	_____	_____
F. Component Units			
12. Do component units that participate in their oversight entity's risk management internal service fund make the disclosures in Step 10. above in their separately issued component unit financial statements? [GASB 10, par. 79 (GASB Code Sec. C50.139)]	_____	_____	_____
13. Does the component unit also disclose that the unit participates in the fund, including a description of the nature of that participation, and the rights and responsibilities of both the unit and the oversight entity? [GASB 10, par. 79 (GASB Code Sec. C50.139)]	_____	_____	_____
G. Subsequent Events			
14. If disclosure is made for a contingency from a subsequent event, do the notes indicate the nature of the loss or loss contingency and give an estimate of the amount or range of loss or possible loss or state that such estimate cannot be made? [GASB 10, par. 80 (GASB Code Sec. C50.140)]	_____	_____	_____

Yes No N/A

Appendix B ⁹

A. Accounting for Escheat Property

1. Is escheat property reported as follows:
 - a. In either an expendable trust fund or the fund to which the property ultimately escheats? _____
 - b. In an agency fund or in the fund in which escheat property is otherwise reported for escheat property held for another governmental entity? _____
[GASB 21, par. 4 (GASB Cod. Sec. E70.102)]
2. Is escheat revenue reduced and a fund liability reported to the extent that it is probable that escheat property will be reclaimed and paid to claimants? _____
[GASB 21, par. 5 (GASB Cod. Sec. E70.103)]
3. In the period that GASB 21 is first applied, do the financial statements disclose the following:
 - a. The nature of any restatement and its effect? _____
 - b. The reasons for not restating prior periods presented, if applicable? _____
[GASB 21, par. 7]

Appendix C ¹⁰

A. Refunding of Debt Reported by Proprietary Activities

1. For current refundings and advance refundings resulting in defeasance of debt, is the deferred amount (the difference between the reacquisition price and the net carrying amount of the old debt) reported as a deduction from or as an addition to the new debt liability? _____
[GASB 23, par. 4 (GASB Cod. Sec. D20.109 and .916)]
2. In the period that GASB 23 is first applied, do the financial statements disclose the nature of any restatement and its effect on net income? _____
[GASB 23, par. 7]

⁹ GASB 21, *Accounting for Escheat Property*, is effective for financial statements for periods beginning after June 15, 1994. This appendix incorporates the disclosure and reporting requirements in that Statement. Early application is encouraged.

¹⁰ GASB 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, is effective for financial statements for periods beginning after June 15, 1994. This appendix incorporates the disclosure and reporting requirements in that Statement. Early application is encouraged.

Yes No N/A

Appendix D ¹¹

A. Accounting and Financial Reporting for Certain Grants and Other Financial Assistance

- | | | | |
|---|-------|-------|-------|
| 1. Are all cash pass-through grants reported in the financial statements?
[GASB 24, par. 5] | _____ | _____ | _____ |
| 2. Are food stamp balances held by a state government or by their agents at the balance-sheet date reported as an asset offset by deferred revenue?
[GASB 24, par. 6] | _____ | _____ | _____ |
| 3. Are the amounts recognized for on-behalf payments for fringe benefits and salaries disclosed in the notes to the financial statements?
[GASB 24, par. 12] | _____ | _____ | _____ |
| 4. For on-behalf payments that are contributions to a pension plan for which the employer government is not legally responsible, is the name of the plan that covers the government's employees and the name of the entity that makes the contributions disclosed?
[GASB 24, par. 12] | _____ | _____ | _____ |
| 5. If there are two legally separate entities that are the parties to a transaction involving pass-through grants or on-behalf payments for fringe benefits and salaries and they are part of the same governmental reporting entity, are the following disclosed in the reporting entity's financial statements: | | | |
| a. Revenue and expenditures or expenses relating to these intra-reporting entity transactions reclassified as operating transfers? | _____ | _____ | _____ |
| b. On-behalf payments classified as operating transfer-out by the paying entity? | _____ | _____ | _____ |
| c. On-behalf payments classified as operating transfer-in by the employer entity?
[GASB 24, par. 14] | _____ | _____ | _____ |
| 6. Are the expenditures or expenses for the on-behalf payments that the paying government makes classified in the same manner that it classifies similar cash grants to other entities?
[GASB 24, par. 13] | _____ | _____ | _____ |
| 7. Are distributions of food stamp benefits recognized as revenue and expenditures in the general or special revenue fund?
[GASB 24, pars. 6 and 44] | _____ | _____ | _____ |
| 8. Are food stamp balances held by the governmental entity or by its agent reported at the balance-sheet date as an asset offset by deferred revenue?
[GASB 24, pars. 6 and 45] | _____ | _____ | _____ |
| 9. Are food stamp balances not reported as cash or cash equivalent?
[GASB 24, par. 6, fn. 5] | _____ | _____ | _____ |

Appendix E ¹²

A. Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans

¹¹ GASB 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, is effective for financial statements for periods beginning after June 15, 1995. This appendix incorporates the disclosure and reporting requirements in that Statement. Early application is encouraged.

¹² GASB 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, is effective for financial statements for periods beginning after June 15, 1996. This appendix incorporates the disclosure and reporting requirements in that Statement. The provisions of this Statement apply separately to each defined benefit pension plan administered and apply at the aggregate plan level for each agent multiple-employer plan administered.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Defined Benefit Pension Plans</i>			
1. Does the financial report of a defined benefit pension plan include?			
a. A statement of plan net assets including:			
(1) Information about the plan assets, liabilities, and net assets as of the end of the plan's fiscal year?	_____	_____	_____
(2) Information about the fair value and composition of net assets?	_____	_____	_____
b. A statement of changes in plan net assets including information about:			
(1) Additions to, deductions from, and net increase (or decrease) for the year in net assets?	_____	_____	_____
(2) Significant year-to-year changes in plan net assets?	_____	_____	_____
c. A schedule of funding progress including historical trend information about the actuarially determined funded status of the plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due?	_____	_____	_____
d. A schedule of employer contributions that includes the following:			
(1) Information about the annual required contributions (ARC) of the employer(s)?	_____	_____	_____
(2) The contributions made by the employer in relation to the ARC?	_____	_____	_____
(3) Information that contributes to understanding the changes over time in the funded status of the plan? [GASB 25, par. 19]	_____	_____	_____
2. Unless a cost-sharing or agent plan's financial statements are included in an employer's financial report (pension trust fund) and (a) the required schedules are included with the plan's financial statements in a publicly available, stand-alone financial report and (b) the employer includes in its notes to the financial statements information about how to obtain the stand-alone plan financial reports, are the schedules identified in steps 1c and 1d above presented as required supplementary information immediately after the notes to the financial statements? [GASB 25, par. 18]	_____	_____	_____
3. Are plan investments reported as follows?			
a. At their fair value at the reporting date (excluding insurance contracts)?	_____	_____	_____
b. Unallocated insurance contracts at contract value?	_____	_____	_____
c. Allocated insurance contracts excluded from plan assets? [GASB 25, par. 24]	_____	_____	_____
4. Are plan assets used in plan operations reported at historical cost less accumulated depreciation or amortization? [GASB 25, par. 25]	_____	_____	_____
5. Is the difference between total plan assets and total plan liabilities at the reporting date:			
a. Captioned "net assets held in trust for pension benefits"?	_____	_____	_____
b. Followed by a parenthetical reference to the plan's schedule of funding progress? [GASB 25, par. 27]	_____	_____	_____
6. Is the difference between total additions and deductions reported as the "net increase (or decrease)" for the year in plan net assets? [GASB 25, par. 28]	_____	_____	_____
7. Does the additions section of the statement of changes in plan net assets include the information in these four categories, separately displayed:			
a. Contributions from the employer(s)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Contributions from plan members, including those transmitted by the employer(s)?	_____	_____	_____
c. Contributions from sources other than the employer(s) and plan members?	_____	_____	_____
d. Net investment income, including:			
(1) the net appreciation (depreciation) in the fair value of plan investments?	_____	_____	_____
(2) interest income, dividend income, and other income not included in (1)?	_____	_____	_____
(3) total investment expense, separately displayed, including investment management and custodial fees and all other significant investment-related costs? [GASB 25, par. 29]	_____	_____	_____
8. Does the deductions section of the statement of changes in plan net assets include through a separate display:			
a. Benefits and refunds paid to plan members and beneficiaries?	_____	_____	_____
b. Total administrative expense? [GASB 25, par. 30]	_____	_____	_____
9. Do the notes to the financial statements of a defined benefit pension plan include all disclosures required by paragraph 32 of GASB 25 when the financial statements are presented in a stand-alone plan financial report or solely in the financial report of an employer (pension trust fund)? [GASB 25, par. 32]	_____	_____	_____
10. If a plan's financial statements are presented in both an employer's report and a publicly available stand-alone plan financial report that complies with GASB 25, and limits its pension trust fund disclosures to those required by the paragraphs listed in paragraph 32 of the Statement, is there disclosure information about how to obtain the stand-alone plan financial report? [GASB 25, par. 32]	_____	_____	_____
11. If the financial statements of a single-employer plan are included in the employer's report, are the following disclosed:			
a. The availability of the stand-alone plan report?	_____	_____	_____
b. The information required for the schedule of funding progress for the three most recent actuarial valuations? [GASB 25, par. 34]	_____	_____	_____
12. For the situation described in step 11, is the schedule of employer contributions for the plan not disclosed? [GASB 25, par. 34]	_____	_____	_____
13. If the financial statements and required schedules of the plan are not publicly available in a stand-alone plan financial report, are the following schedules presented for all years required:			
a. Schedule of funding progress?	_____	_____	_____
b. Schedule of employer contributions? [GASB 25, par.34]	_____	_____	_____
14. Does the schedule of funding progress include the information required by paragraph 37 of GASB 25 for each of the past six consecutive fiscal years of the plan? [GASB 25, par. 37]	_____	_____	_____
15. Does the schedule of employer contributions include the information required by paragraph 38 of GASB 25 for each of the past six consecutive fiscal years of the plan and is it appropriately titled? [GASB 25, par. 38]	_____	_____	_____
16. Do the note disclosures as described in paragraph 40 of GASB 25 accompany the schedules of required supplementary information? [GASB 25, par. 40]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Defined Contribution Plans</i>			
1. Do the notes to the financial statements of the plan include all disclosures required by paragraph 41 of GASB 25 when the financial statements are presented (a) in a stand-alone plan financial report or (b) solely in the financial report of an employer? [GASB 25, par. 41]	_____	_____	_____
2. When a plan's financial statements are presented in both an employer's report and a publicly available stand-alone plan financial report that includes all disclosures required by paragraph 41 of GASB 25, and the employer limits its plan disclosures to those required by paragraphs 41a(1), 41b, and 41c of GASB 25, has the employer disclosed information about how to obtain the stand-alone plan financial report? [GASB 25, par. 41]	_____	_____	_____

Appendix F ¹³

A. Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans

- | | | | |
|--|-------|-------|-------|
| 1. For a defined benefit pension plan that administers a postemployment healthcare plan, does the financial report of the defined benefit pension plan include: | | | |
| a. Statement of postemployment healthcare plan net assets? | _____ | _____ | _____ |
| b. Statement of changes in postemployment healthcare plan net assets? | _____ | _____ | _____ |
| c. Notes to the financial statements prepared in accordance with the pension plan reporting standards including a brief description of the eligibility requirements for postemployment healthcare benefits and the required contribution rate(s) of the employer(s)?
[GASB 26, par. 7] | _____ | _____ | _____ |
| 2. Is all required financial statement information for pensions and health care presented in separate columns of combining financial statements?
[GASB 26, par. 7] | _____ | _____ | _____ |
| 3. If supplementary information (schedule of funding progress, schedule of employer contributions, related note disclosures) is reported for the postemployment healthcare plan, does it include all information that is required for the pension plan and is it presented separately either in separate healthcare schedules or in separate columns of combining pension and healthcare schedules?
[GASB 26, par. 8] | _____ | _____ | _____ |
| 4. Are the following items disclosed? | | | |
| a. The methods and assumptions used in preparing the supplementary information as per step 3. | _____ | _____ | _____ |
| b. The healthcare inflation assumption for the most recent year reported in the supplementary schedules.
[GASB 26, par. 9] | _____ | _____ | _____ |

¹³ GASB 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*, is effective for financial statements for periods beginning after June 15, 1996. This appendix incorporates the disclosure and reporting requirements in that Statement.

Appendix G ¹⁴

A. Accounting for Pensions by State and Local Governmental Employers

1. Are pension liabilities and assets resulting from the difference between contributions required and contributions made **not** offset in the financial statements?
[GASB 27, par. 19]
2. Is the following information included in the notes to the financial statements for each defined benefit pension plan, regardless of the type of plan (except as indicated) ¹⁵ ¹⁶:
 - a. A plan description?
 - b. The funding policy?
[GASB 27, par. 20]
3. In addition to the information required in step 2, do sole and agent employers disclose the information required in paragraph 21 of GASB 27?
[GASB 27, par. 21]
4. Do sole and agent employers disclose the following information for the most recent actuarial valuation and the two preceding valuations, unless the aggregate actuarial cost method was used?
 - a. The actuarial valuation date, the actuarial value of plan assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll.
 - b. Factors that significantly affect the identification of trends in the amount reported.
[GASB 27, par. 22]
5. Do employers with insured plans disclose the following:
 - a. A brief description of the insured plan, including the benefit provisions and the authority under which benefit provisions are established or may be amended?
 - b. The fact that the obligation for the payment of benefits has been effectively transferred from the employer to one or more insurance companies and whether the employer has guaranteed benefits in the event of the insurance company's insolvency?
 - c. The current-year pension expenditures/expense and contributions or premiums paid?
[GASB 27, par. 23]
6. Do sole or agent employers that apply the measurements and recognition requirements of GASB 27 to health care provide the following:
 - a. The notes to the financial statements required by GASB 27, and not GASB 12?

¹⁴ GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, is effective for financial statements for periods beginning after June 15, 1997. This appendix incorporates the disclosure and reporting requirements in that Statement.

¹⁵ Disclosures for more than one plan should be combined in a manner that avoids unnecessary duplication.

¹⁶ GASB 25 includes the requirements for the notes to the financial statements (and schedules of required supplementary information, if applicable) of pension trust funds included in the employer's financial reports. When similar information is required by GASB 27 and GASB 25, the employer should present the disclosures in a manner that avoid unnecessary duplication.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Disclosure of the healthcare inflation assumption?	_____	_____	_____
c. Disclosure of healthcare benefits, separate from information on pension benefits? [GASB 27, apr. 24]	_____	_____	_____
7. Is the following information disclosed in the notes to the financial statements of employers for each defined contribution plan to which they are required to contribute?			
a. Name of the plan.	_____	_____	_____
b. Identification of the public employee retirement system or other entity that administers the plan.	_____	_____	_____
c. Identification of the plan as a defined contribution plan.	_____	_____	_____
d. Brief description of the plan provisions and the authority under which they are established or may be amended.	_____	_____	_____
e. Contribution requirements of the plan members, employer, and other contributing entities and the authority under which the requirements are established or may be amended.	_____	_____	_____
f. The contributions actually made by plan members and the employer. [GASB 27, par. 27]	_____	_____	_____

FSP Section 3400

Auditors' Reports Checklist

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid. This checklist contains the basic requirements for reporting on an audit of the financial statements in accordance with GAAS report and not for all reports required to be issued in a GAS or single audit.

.02 Illustrative auditor's reports can be found in the Guide, Appendix A.

.03 Explanation of References:

NCGA = National Council on Governmental Accounting Statement

GAO = General Accounting Office

SAS = AICPA Statements on Auditing Standards

AU = Reference to section number in AICPA *Professional Standards* (Vol. 1)

GASB Cod. Sec. = *Codification of Governmental Accounting and Financial Reporting Standards*, by the Governmental Accounting Standards Board (as of June 30, 1993)

AAG-SLG = AICPA Audit and Accounting Guide, *Audits of State and Local Governmental Units* (1994 edition)

SOP = AICPA Statements of Position

.04 Checklist Questionnaire

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Does the auditor's report include the appropriate:			
a. Addressee? [SAS 58, par. 9 (AU 508.09)]	_____	_____	_____
b. Date (or dual dates) of the report? [SAS 1, Sec. 530 (AU 530.05)]	_____	_____	_____
c. A title that includes the word "independent"? [SAS 58, par. 8a (AU 504.08a)]	_____	_____	_____
2. If the auditor is not independent, is the appropriate disclaimer expressed, regardless of the extent of services provided? [SAS 26, pars. 5 and 9—10 (AU 504.05 and .09—.10)]	_____	_____	_____
3. Does the reporting language conform with the auditor's standard report on:			
a. Financial statements of a single year or period?	_____	_____	_____
b. Comparative financial statements? [SAS 58, par. 8 (AU 508.08)]	_____	_____	_____
4. Does the auditor's report precede the basic financial statements? [NCGA 1, pars. 136 and 166 as amended by GASB 14 (GASB Cod. Sec. 2200.104)]	_____	_____	_____
a. Does the report adequately identify the governmental reporting entity? [GASB 14, par. 11 (GASB Cod. Sec. 2100)]	_____	_____	_____

	Yes	No	N/A
b. If applicable, does the report indicate the division of responsibility and the magnitude of the portion of the financial statements audited by other auditors? [SAS 58, pars. 12—13 and SAS 1, Sec. 543, par. 7 (AU 508.12—.13 and AU 543.07)]	_____	_____	_____
(1) If reference is made to the other auditors, does disclosure of the magnitude of the financial statements audited by the other auditors include an identification of the fund types and account groups in which the amounts are included? [SAS 1, Sec. 543 (AU 543.03); SAS 58, pars. 12—13 (AU 508.12—.13); AAG-SLG, par. 5.33]	_____	_____	_____
c. Does the report cover a period of not more than one year? (1) If the audit period covers more than one year (because of a constitutional or statutory requirement or an honored government administrative policy) is the audit biennial, covering both years within the period? [AAG-SLG, pars. 21, 12; App. E, par. 7]	_____	_____	_____
5. Is explanatory language added to the standard auditor's report if:			
a. The financial statements contain a departure from an accounting principle promulgated by a body designated by the AICPA Council to establish such principles? [SAS 58, pars. 14 and 15 (AU 508.14—.15)]	_____	_____	_____
b. The financial statements are affected by uncertainties concerning future events, the outcome of which is not susceptible of reasonable estimation at the date of the auditor's report? [SAS 58, pars. 16—33 (AU 508.16—.33)]	_____	_____	_____
c. The auditor concludes that there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time and that conclusion is expressed through the use of the phrase "substantial doubt about its (the entity's) ability to continue as a going concern"? [SAS 64, par. 1 (AU 341.12)]	_____	_____	_____
d. There is a material change between periods in accounting principles or in the method of their application? [SAS 58, pars. 34—36 (AU 508.34—.36)]	_____	_____	_____
e. In an updated report on comparative financial statements, the opinion on the prior period is different from the one previously expressed? [SAS 58, pars. 77, 78 and 80—83 (AU 508.77—.78 and .81—.83)]	_____	_____	_____
f. Supplementary information required by the FASB or the GASB is omitted, the presentation of such information departs materially from FASB or GASB guidelines, the auditor is unable to complete prescribed procedures with respect to such information, or the auditor is unable to remove substantial doubts about whether the supplementary information conforms to FASB or GASB guidelines? [SAS 52, par. 2 (AU 558.08)]	_____	_____	_____
g. Other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements? [SAS 8, par. 4 (AU 550.04)]	_____	_____	_____
h. A matter regarding the financial statements needs to be emphasized? [SAS 58, par. 37 (AU 508.37)]	_____	_____	_____
6. If the financial statements of a prior period are audited by a predecessor auditor whose report is not presented, does the successor auditor's report indicate in the introductory paragraph:			
a. The financial statements of the prior period are audited by another auditor?	_____	_____	_____
b. The date of the predecessor's report?	_____	_____	_____

	Yes	No	N/A
c. The type of report issued by the predecessor auditor?			
d. If the report is other than a standard report, the substantive reasons therefor?			
e. If the prior year's financial statements are restated, a statement that a predecessor auditor reported on the financial statements of the prior period before restatement?			
(1) If a successor auditor applies sufficient procedures to satisfy himself or herself as to the appropriateness of the restatement adjustments, does he or she report on it in accordance with paragraph 2 of SAS 64? [SAS 64, par. 2 (AU 508.83)]			
7. If a modified report is issued due to a scope limitation:			
a. Does the report include an explanatory paragraph that precedes the opinion paragraph and is the explanatory paragraph referred to in both the scope and opinion paragraphs? [SAS 58, par. 43 (AU 508.43)]			
b. Does the opinion paragraph indicate that the qualification pertains to the possible effects on the financial statements and not to the scope limitation itself (e.g., the qualification is because the auditor is unable to reach a conclusion on one or more matters material to the financial statements, rather than because his or her procedures are restricted)? [SAS 58, par. 44 (AU 508.44)]			
8. Is a qualified opinion or disclaimer of opinion considered if scope limitations preclude application of one or more auditing procedures considered necessary in the circumstances? [SAS 31, par. 22 (AU 326.23); SAS 58, pars. 40—44 (AU 508.40—44)]			
9. If the auditor is engaged to audit the combining and individual fund and account group financial statements in addition to a General Purpose (GPFS) or Component Unit (CUFS) Financial Statement, does the auditor's opinion address each presentation as a primary statement?			
a. If supporting schedules accompany those financial statements, does the auditor's opinion state whether the information in those schedules is presented fairly in conformity with GAAP in all material respects in relation to the financial statements of each of the individual funds and account groups taken as a whole or disclaim an opinion on such information? [SAS 29 (AU Sec. 551); AAG-SLG, par. 18.43]			
10. If additional information, including statistical data, accompanies the general-purpose or component unit financial statements, does the auditor indicate in his or her report the degree of responsibility, if any, he or she is taking? [SAS 29, par. 5 (AU 551.05)]			
11. Is a qualified opinion or adverse opinion expressed if the following circumstances are present:			
a. The financial statements contain a material departure from GAAP (including inadequate disclosure)? [SAS 32, par. 3 (AU 431.03); SAS 58, pars. 49—66 (AU 508.49—.66); SAS 54, par. 18 (AU 317.18)]			
b. The reporting entity includes some, but not all, component units in the reporting entity financial statements? [AAG-SLG, par. 18.45]			
c. Financial statements for funds, fund types or account groups that should be included in the GPFS or CUFS (such as the general fixed assets account group or an enterprise fund) are omitted?			
(1) Does the qualified or adverse auditor's report include an explanatory paragraph that describes the omitted fund type account group or fund?			

	Yes	No	N/A
(2) Does the explanatory paragraph disclose the effects on the financial statements, if reasonably determinable? [AAG-SLG, par. 18.46]			
12. If the auditor is engaged to audit financial statements of only a specified fund or group of funds that are not intended to fairly present financial position, results of operations, or changes in financial position of either the reporting entity or component unit in conformity with GAAP, does the auditor's report include a paragraph stating that the financial statements are not intended to present financial position and results of operations of the reporting entity or component unit? [AAG-SLG, par. 18.47]			
13. If the auditor is engaged to audit financial statements of a department or agency that constitutes less than a fund, does the auditor's report include a paragraph that indicates that the statements present information for only a portion of the financial reporting entity? [AAG-SLG, par. 18.50]			
14. Where local or state governmental regulations require that larger CPA firms employ minority or smaller firms or both to participate in the audit, is the report on the audit signed by the principal auditor if the principal auditor has been able to satisfy himself/herself as to the performance of the other auditor based on SAS 1? [AAG-SLG, par. 18.55; SAS 1, Sec. 543, par. 4 (AU 543.04)]			
15. If a qualified opinion, adverse opinion, or disclaimer of opinion is expressed, are all the substantive reasons for the qualification or disclaimer disclosed and is the reporting language appropriately modified? [SAS 58, pars. 39, 40, 51, 68 and 71 (AU 508.39, .40, .51, .68 and .71)] Note: Consult the Topical Index to the AICPA <i>Professional Standards</i> under "Departures from Standard Report" for additional references to specific auditor's report modifications.			
16. Does the report conform to SSAE 2 if management presents its assertion in a separate report that will accompany the practitioner's report on the effectiveness of the entity's internal control structure? [SSAE 2, pars. 50—51 (AT 400.51)]			
17. If management does not present a written assertion that accompanies the practitioner's report, is the report appropriately modified? [SSAE 2, pars. 53—54 (AT 400.09 and 400.52)]			
18. Is the report properly modified if any conditions exist as detailed in SSAE 2, paragraph 55? [SSAE 2, pars. 55—79 (AT 400.52—.82)]			
19. If during a GAAS audit of the financial statements the auditor becomes aware that the entity is subject to an audit requirement not encompassed in the terms of the engagement, did the auditor consider the client's actions in response to such communication including the potential effect on the financial statements and auditor's report? [SAS 74, par. 22)]			

FSP Section 3500

Auditors' Reports on Audits Performed Under Government Auditing Standards and OMB Circular A-128 Checklist

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid.

.02 This checklist has two parts: Part I is for audit reports on audits performed under *Government Auditing Standards* ("Yellow Book"). Part II contains the additional requirements for reports on audits performed under the Single Audit Act of 1984 in accordance with OMB Circular A-128. For audits performed under Circular A-128, both Parts I and II of this checklist must be completed.

.03 Explanation of References:

- A-128 = Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*
- GAS = *Government Auditing Standards* ("Yellow Book," issued by GAO, 1994 Revision)
- SAS = AICPA Statement on Auditing Standards
- AU = Reference to section number in AICPA *Professional Standards* (vol. 1)
- SOP 92-7 = AICPA Statement of Position, *Audits of State and Local Governmental Entities Receiving Federal Financial Assistance*

.04 Checklist Questionnaire

Yes No N/A

Part I—Reports on Audits Performed in Accordance with *Government Auditing Standards* (the "Yellow Book")¹

1. In an audit performed in accordance with the Yellow Book, are the following reports issued:
 - a. A report on the entity's general-purpose financial statements?²
 - b. A report on internal control structure?
 - c. A report on compliance with laws and regulations?
 - d. A report on any illegal acts detected (issued only when instances are detected)?
[AAG-SLG, pars. 4.13, 5.27, 5.39, and App. A, fn. 29]
2. Do the auditor's reports on the financial statements, internal control structure and on compliance state that the audit was conducted in accordance with GAAS and with the Yellow Book?
[GAS, Ch. 5, par. 11]
3. Does the auditor's report state whether the general-purpose financial statements are presented fairly in accordance with GAAP?
[AAG-SLG, par. 24.02]

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

¹ The reporting examples from the Guide in this checklist have not been updated for the 1994 version of the Yellow Book. [Exception—Appendix A, Examples 17(A) and 25(B) are updated.]

² See checklist for auditor's reports on the basic financial statements.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Report on Internal Control Structure³			
4. Does the report on internal control structure conform to the standard report illustrated in Example 25(A) or (B) in Appendix A of the AAG-SLG? [AAG-SLG, App. A]	_____	_____	_____
5. If material weaknesses are noted, are the condition, cause, criteria, and effect of those material weaknesses disclosed in the report? [GAS, Chap. 6, pars. 49—52; AAG-SLG, par. 24.38]	_____	_____	_____
6. If the auditor determines that deficiencies in the internal control structure are not significant enough to be considered reportable conditions (referred to as “nonreportable conditions”), are those matters separately communicated to the entity in writing (or orally, with working paper documentation)? [GAS, Chap. 5, par. 28 and Chap. 7, par. 29; AAG-SLG, par. 4.19]	_____	_____	_____
7. If a separate written communication describing nonreportable conditions is issued, does the report on the internal controls refer to that separate communication? [AAG-SLG, par. 4.19]	_____	_____	_____
8. If no reportable conditions are noted during the audit, does the report disclose that no material weaknesses were identified? [AAG-SLG, par. 24.04 and App. A, Example A.25(B)]	_____	_____	_____
Report on Compliance With Laws and Regulations			
9. Does the report on compliance with laws and regulations conform to the standard report illustrated in Example 17(A) or (B) in Appendix A of the guide? [AAG-SLG, App. A; SAS 74, par. 10d]	_____	_____	_____
10. In rare circumstances in which the auditor decides not to test compliance with laws and regulations, does the report contain a statement that compliance with laws and regulations was not tested? [AAG-SLG, par. 5.31]	_____	_____	_____
11. Did the auditor consider the best estimate of total costs questioned for each major federal financial assistance program (likely questioned costs) in evaluating the effect of questioned costs on the opinion on compliance? [SAS 74, par. 18]	_____	_____	_____
12. If auditing procedures disclose material instances of noncompliance or irregularities and illegal acts that are not clearly inconsequential, is the report on compliance appropriately modified?	_____	_____	_____
a. Does that modified report include:			
(1) The definition and identification of material instances of noncompliance noted?	_____	_____	_____
(2) A statement that the noncompliance noted was considered in forming an opinion on whether the entity’s financial statements are presented fairly in conformity with GAAP? [SAS 74, par. 20; AAG-SLG, par. 5.32, and GAS, Chap. 5, par. 18]	_____	_____	_____
13. If the report contains material instances of noncompliance or irregularities and illegal acts not clearly inconsequential, is a statement considered about:			
a. Whether the misstatements are corrected?	_____	_____	_____
or			
b. The effect of such misstatements on the auditor’s report on the basic financial statements? [AAG-SLG, par. 5.33 and GAS, Chap. 5, par. 18]	_____	_____	_____
14. Are immaterial instances of noncompliance and irregularities and illegal acts not clearly inconsequential reported in a separate communication to the entity? [GAS, Chap. 7, par. 29 and Chap. 5, par. 20; AAG-SLG, par. 5.34]	_____	_____	_____

³ Under the Yellow Book, a report on the internal control structure is required in all audits, even if no reportable conditions were noted. [SAS 68, par. 33 (AU 801.33)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. If a separate letter describing immaterial instances of noncompliance is issued, does the compliance report refer to that letter? [AAG-SLG, par. 5.34]	_____	_____	_____
16. If the auditor becomes aware of illegal acts or possible illegal acts, are they communicated to management? [GAS, Chap. 5, par. 18; AAG-SLG, par. 5.39]	_____	_____	_____
Other Matters			
17. If performance audits are required by contractual obligations, are findings presented in accordance with Chapter 7 in the Yellow Book? [GAS, Ch. 7]	_____	_____	_____
18. Does the auditor's report on the financial statements disclose the status of known but uncorrected significant or material findings and recommendations from prior audits that could have an effect on the current audit objective? [GAS, Ch. 4, par. 10; AAG-SLG, pars. 23—34]	_____	_____	_____
19. If the auditor determines that a loss contingency for the effect of material violations or possible violations of laws and regulations is not recorded, or that appropriate disclosure of that contingency is not made in accordance with SFAS 5 (AC C59), is the audit report on the financial statements appropriately modified?	_____	_____	_____
a. If the auditor is unable to examine evidence sufficient to determine whether compliance with applicable laws and regulations exists, and if the potential effect of noncompliance could be material, is the audit report appropriately modified for a scope limitation? [AAG-SLG, par. 5.37]	_____	_____	_____
20. Do the reports on compliance and internal control structure carry the same date as the report on the basic financial statements? [AAG-SLG, par. 24.21]	_____	_____	_____

Part II—Reports on Audits Performed Under OMB Circular A-128

1. If the entity is subject to the requirements of Circular A-128, are the following reports (in addition to those in Part I of this checklist) issued:
 - a. A report on a supplementary schedule of federal financial assistance?
 - b. A report on the internal control structure used to administer federal financial assistance?
 - c. A report on compliance with specific laws and regulations that may have a direct and material effect on each major program?
 - d. A report on compliance with certain laws and regulations applicable to nonmajor programs?
 - e. A report on compliance with general requirements?
[AAG-SLG, pars. 24.05, 24.09, and 24.17]

Report on Supplementary Schedule of Federal Financial Assistance

2. Does the audit report on the supplementary schedule of federal financial assistance make reference to the audit having been performed in accordance with the Yellow Book?
[AAG-SLG, par. 24.06 and App. A, Example 16]
3. Does the report state that the information in the Schedule is subject to the auditing procedures applied in the audit of the general-purpose financial statements, and that it provides assurance on the fair presentation of the Schedule in relation to the general-purpose financial statements?
[AAG-SLG, par. 24.06 and App. A, Example A.16]
4. Does the report carry the same date as the report on the general-purpose financial statements?
[AAG-SLG, par. 24.21]

Report on Internal Control Structure Used in Administering Federal Financial Assistance

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Does the report on the internal control structure conform to the reports illustrated in Example 26(A) or (B) in Appendix A of the guide? [AAG-SLG, App. A]	_____	_____	_____
6. If nonreportable conditions or other matters involving the internal control structure identified were in the audit, does the auditor report those matters to management, either in writing or orally?	_____	_____	_____
a. If written, is the letter referred to in the reports on the internal control structure? [AAG-SLG, par. 4.19]	_____	_____	_____
Report on Compliance With General Requirements			
7. Does the report on compliance with general requirements conform to the standard reports illustrated in Example 23(A), (B), or (C) in Appendix A of the guide? [AAG-SLG, App. A]	_____	_____	_____
Report on Compliance with Specific Requirements Related to Major Programs			
8. For audits of major programs, does the report on compliance with specific requirements conform with the standard report illustrated in Examples 18—22 in Appendix A of the guide? [AAG-SLG, App. A]	_____	_____	_____
9. If restrictions on the scope of an audit on compliance require a qualified opinion or a disclaimer of opinion, are the reasons for such qualification or disclaimer described in the report, and are the effects of such restrictions considered in relation to the auditor's opinion on the financial statements? [AAG-SLG, par. 24.13]	_____	_____	_____
10. If the auditor is disclaiming an opinion due to a scope limitation:			
a. Are the reasons indicated, in a separate paragraph, why the audit does not comply with GAAS, the Yellow Book, and Circular A-128?	_____	_____	_____
b. Does the auditor state that the scope of the audit is not sufficient to warrant the expression of an opinion?	_____	_____	_____
c. Does the auditor disclose any reservations he or she has regarding compliance with applicable laws and regulations? [AAG-SLG, par. 24.15]	_____	_____	_____
11. If auditing procedures disclosed instances of noncompliance on major programs, was sufficient evidence examined to support that finding?	_____	_____	_____
a. Does the resulting modification to the auditor's report on compliance consider factors that include:			
(1) The number and types of instances of noncompliance?	_____	_____	_____
(2) Determinability of questioned costs?	_____	_____	_____
(3) Materiality of questioned costs?	_____	_____	_____
b. If, after considering those factors, the auditor concludes that the instances of noncompliance have a material effect on a federal program, is a qualified or adverse opinion issued? [AAG-SLG, par. 24.19b]	_____	_____	_____
Report on Compliance Related to Nonmajor Programs			
12. For nonmajor programs, does the report on compliance conform to the standard report illustrated in paragraph 90 of SAS 68 (AU 801.90) and in Example 24 in Appendix A of the guide? [AAG-SLG, App. A]	_____	_____	_____
Other Matters Concerning Reports on Compliance			
13. Are all immaterial findings of noncompliance included in a schedule of findings and questioned costs? [AAG-SLG, par. 21.29]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
14. If the auditor concludes that compliance with a requirement cannot reasonably be estimated or measured, does the auditor conclude that he or she is precluded from issuing an opinion on compliance with a specific requirement? [AAG-SLG, par. 24.19a]	_____	_____	_____
15. If, after examining sufficient evidence, the auditor concludes that an instance of noncompliance has a material effect on a federal program, is the auditor's report qualified or an adverse opinion issued, as appropriate?	_____	_____	_____
a. If the auditor is unable to determine whether the resolution of instances of noncompliance could have a material effect on the program, does the compliance report state that noncompliance occurred but the effect on the program presently cannot be determined?	_____	_____	_____
b. Is the impact on such uncertainties on the general-purpose financial statements considered and the report modified, if appropriate? [AAG-SLG, par. 5.38 and App. A, Example A.17(B)]	_____	_____	_____

FSP Section 3600

Illustrative Combined Financial Statements

.01 The checklists and illustrative financial statements do not include all disclosures and presentation items promulgated. Pronouncements deemed remote for audits of state and local governments are not included in this document.

.02 According to GASB Cod. Sec. 2200.138 the following “basic” financial statements are necessary for separately issued GPFS to be presented fairly in conformity with generally accepted accounting principles:

- Combined Balance Sheet—All Fund Types, Account Groups, and Discretely Presented Component Units
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types and Discretely Presented Component Units
- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Fund Types (and similar governmental fund types for which annual budgets have been legally adopted)
- Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity)—All Proprietary Fund Types and Discretely Presented Component Units
- Combined Statement of Cash Flows—All Proprietary Fund Types and Discretely Presented Component Units (not included in the illustrative financial statements)
- Notes to the financial statements
- Required supplementary information.

.03 GASB Code Section 2600.112 states that combined financial statements of fund types and account groups may have a total column that aggregates the columnar statements by fund type and account group. If a total column is shown, it should be captioned “Memorandum Only” because the total column on a combined financial statement is not comparable to a consolidation. A note to the financial statements should disclose the nature of the column and should explain that it does not present consolidated financial information.

.04 Not all of the required disclosures are presented with these financial statements.

.05 The reports included in this checklist come directly from the Guide. The Guide has not been updated for the 1994 revisions to the Yellow Book.¹

¹ Exceptions: Report numbers 10 and 11 had a special update separate from the Guide that was used in this checklist.

The checklists and illustrative financial statements do not include all disclosures and presentation items promulgated.

**.06 Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units
December 31, 19X2**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government		Reporting Entity
Assets												
Cash	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XX,XXX	\$ XXX,XXX	\$ —	\$ —	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Cash with fiscal agent	—	—	XXX,XXX	—	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Investments, at cost or amortized cost	XX,XXX	XX,XXX	XXX,XXX	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Receivables (net of allowances for uncollectibles):												
Taxes	XX,XXX	X,XXX	X,XXX	—	—	—	XXX,XXX	—	—	XXX,XXX	XX,XXX	XXX,XXX
Accounts	X,XXX	X,XXX	—	XXX	XX,XXX	—	—	—	—	XX,XXX	XX,XXX	XX,XXX
Special assessments ..	—	—	XXX,XXX	—	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Notes	—	—	—	—	X,XXX	—	—	—	—	X,XXX	—	X,XXX
Loans	—	—	—	—	—	—	XX,XXX	—	—	XX,XXX	—	XX,XXX
Accrued interest	XX	XX	X,XXX	—	XXX	—	X,XXX	—	—	X,XXX	—	X,XXX
Lease receivable from primary government	—	—	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX
Due from other funds	X,XXX	—	—	—	X,XXX	XX,XXX	XX,XXX	—	—	XX,XXX	—	XX,XXX
Due from component units ..	XX,XXX	—	—	—	—	—	—	—	—	XX,XXX	—	XX,XXX
Due from other governments	XX,XXX	XX,XXX	—	XXX,XXX	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Advance to internal service fund	XX,XXX	—	—	—	—	—	—	—	—	XX,XXX	—	XX,XXX
Inventory of supplies, at cost	X,XXX	X,XXX	—	—	XX,XXX	XX,XXX	—	—	—	XX,XXX	—	XX,XXX
Prepaid expenses	—	—	—	—	X,XXX	—	—	—	—	X,XXX	—	X,XXX

**.06 Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 19X2**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Component Units	Reporting Entity
Restricted assets:												
Cash	—	—	—	—	XXX,XXX	—	—	—	—	XXX,XXX	—	XXX,XXX
Investments, at cost or amortized cost ..	—	—	—	—	XXX,XXX	—	—	—	—	XXX,XXX	—	XXX,XXX
Investment in joint venture	—	—	—	—	X,XXX,XXX	—	—	—	—	X,XXX,XXX	—	X,XXX,XXX
Land	—	—	—	—	XXX,XXX	XX,XXX	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Buildings	—	—	—	—	XXX,XXX	XX,XXX	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	XX,XXX,XXX
Accumulated depreciation	—	—	—	—	(XX,XXX)	(X,XXX)	—	—	—	(XX,XXX)	(X,XXX,XXX)	(X,XXX,XXX)
Improvements other than buildings	—	—	—	—	X,XXX,XXX	XX,XXX	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	—	—	—	—	(XXX,XXX)	(X,XXX)	—	—	—	(XXX,XXX)	(X,XXX,XXX)	(X,XXX,XXX)
Machinery and equipment	—	—	—	—	X,XXX,XXX	XX,XXX	—	XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	XX,XXX,XXX
Accumulated depreciation	—	—	—	—	(XXX,XXX)	(X,XXX)	—	—	—	(XXX,XXX)	(X,XXX,XXX)	(X,XXX,XXX)
Construction in progress	—	—	—	—	XX,XXX	—	—	X,XXX,XXX	—	X,XXX,XXX	—	X,XXX,XXX
Amount available in debt service funds ..	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	—	XXX,XXX
Amount to be provided for retirement of general long-term debt	—	—	—	—	—	—	—	—	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Amount to be provided from special assessments	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	—	XXX,XXX
Total assets	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$XX,XXX,XXX</u>	<u>\$XX,XXX,XXX</u>	<u>\$XX,XXX,XXX</u>

**.06 Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 19X2**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Component Units	Reporting Entity
Liabilities and Fund Equity												
Liabilities:												
Vouchers payable	\$XXX,XXX	\$XX,XXX	\$—	\$ XX,XXX	\$ XXX,XXX	\$XX,XXX	\$ X,XXX	\$ —	\$ —	\$XXX,XXX	\$ XXX,XXX	\$XXX,XXX
Contracts payable	XX,XXX	XX,XXX	—	XXX,XXX	X,XXX	—	—	—	—	XXX,XXX	XX,XXX	XXX,XXX
Judgments payable	—	X,XXX	—	XX,XXX	—	—	—	—	—	XX,XXX	—	XX,XXX
Accrued liabilities	—	—	—	XX,XXX	XX,XXX	—	X,XXX	—	—	XX,XXX	—	XX,XXX
Payable from restricted assets:												
Construction contracts ..	—	—	—	—	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Fiscal agent	—	—	—	—	XXX	—	—	—	—	XXX	—	XXX
Accrued interest	—	—	—	—	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Revenue bonds	—	—	—	—	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Deposits	—	—	—	—	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Due to other taxing units	—	—	—	—	—	—	XXX,XXX	—	—	XXX,XXX	—	XXX,XXX
Due to other funds	XX,XXX	X,XXX	—	X,XXX	—	—	—	—	—	XX,XXX	—	XX,XXX
Due to primary government	—	—	—	—	—	—	—	—	—	—	XX,XXX	XX,XXX
Due to student groups	—	—	—	—	—	—	X,XXX	—	—	X,XXX	—	X,XXX
Deferred revenues	XX,XXX	—	XXX,XXX	—	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Advance from general fund ..	—	—	—	—	—	XX,XXX	—	—	—	XX,XXX	—	XX,XXX
Matured bonds payable	—	—	XXX,XXX	—	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Matured interest payable	—	—	X,XXX	—	—	—	—	—	—	X,XXX	—	X,XXX
Lease payable to component unit	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	—	XXX,XXX
General obligation bonds payable	—	—	—	—	XXX,XXX	—	—	—	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Special assessment debt with governmental commitment ..	—	—	—	—	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Revenue bonds payable	—	—	—	—	X,XXX,XXX	—	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Total liabilities	\$XXX,XXX	\$XX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$XX,XXX	\$XXX,XXX	—	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XX,XXX,XXX

**.06 Combined Balance Sheet—All Fund Types and Account Groups
and Discretely Presented Component Units—continued
December 31, 19X2**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government		Reporting Entity
Fund Equity												
Investment in general fixed assets	—	—	—	—	—	—	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Contributed capital	—	—	—	—	X,XXX,XXX	XX,XXX	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Investment in general fixed assets	—	—	—	—	—	—	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX	
Retained earnings:												
Reserved for revenue bond retirement	—	—	—	—	XXX,XXX	—	—	—	—	XXX,XXX	—	XXX,XXX
Unreserved	—	—	—	—	X,XXX,XXX	X,XXX	—	—	—	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Fund balances:												
Reserved for encumbrances	XX,XXX	XX,XXX	—	X,XXX,XXX	—	—	—	—	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Reserved for inventory of supplies	X,XXX	X,XXX	—	—	—	—	—	—	—	XX,XXX	—	XX,XXX
Reserved for advance to internal service funds	XX,XXX	—	—	—	—	—	—	—	—	XX,XXX	—	XX,XXX
Reserved for loans	—	—	—	—	—	—	XX,XXX	—	—	XX,XXX	—	XX,XXX
Reserved for endowments	—	—	—	—	—	—	XXX,XXX	—	—	XXX,XXX	—	XXX,XXX
Reserved for employees' retirement system	—	—	—	—	—	—	X,XXX,XXX	—	—	X,XXX,XXX	—	X,XXX,XXX
Unreserved:												
Designated for debt service	—	—	XXX,XXX	—	—	—	—	—	—	XXX,XXX	—	XXX,XXX
Designated for subsequent years' expenditures	XX,XXX	—	—	—	—	—	—	—	—	XX,XXX	—	XX,XXX
Undesignated	XXX,XXX	XXX,XXX	—	X,XXX	—	—	(XXX,XXX)	—	—	XX,XXX	XXX,XXX	XXX,XXX
Total fund equity	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	—	XX,XXX,XXX	XX,XXX,XXX	XX,XXX,XXX
Total liabilities and fund equity	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX	\$XX,XXX,XXX

The notes to the financial statements are an integral part of this statement. [NCGAS 1, Appendix A, Example 1, as amended by GASBS 14; GASBS 6, ¶ 13].

NAME OF GOVERNMENT
.07 Combined Statement of Revenues, Expenditures, and Changes in
Fund Equity—All Governmental Fund Types, Expendable Trust Funds, and
Discretely Presented Component Units
Year Ended December 31, 19X2

	<i>Governmental Fund Types</i>				<i>Fiduciary Fund Types</i>	<i>Totals (Memorandum Only)</i>	<i>Component Units</i>	<i>Totals (Memorandum Only)</i>
	<i>General</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Expendable Trust</i>	<i>Primary Government</i>		<i>Reporting Entity</i>
Revenues:								
Taxes	\$ XXX,XXX	\$ XXX,XXX	\$ XX,XXX	\$ —	\$ —	\$ X,XXX,XXX	\$ XXX,XXX	\$ X,XXX,XXX
Special assessments	—	—	XX,XXX	—	—	XX,XXX	—	XX,XXX
Licenses and permits	XXX,XXX	—	—	—	—	XXX,XXX	XX,XXX	XXX,XXX
Intergovernmental revenues	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Charges for services	XX,XXX	XX,XXX	—	—	—	XX,XXX	—	XX,XXX
Fines and forfeits	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Miscellaneous revenues	XX,XXX	XX,XXX	XX,XXX	X,XXX	XXX	XXX,XXX	—	XXX,XXX
Total revenues	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>XXX</u>	<u>X,XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>
Expenditures:								
Current:								
General government	XXX,XXX	—	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Public safety	XXX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX
Highways and streets	XX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX
Sanitation	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Health	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Welfare	XX,XXX	—	—	—	—	XX,XXX	—	XX,XXX
Culture and recreation	XX,XXX	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX
Education	XXX,XXX	—	—	—	X,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Capital outlay	—	—	—	X,XXX,XXX	—	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Debt service:								
Principal retirement	—	—	XXX,XXX	—	—	XXX,XXX	XX,XXX	XXX,XXX
Interest and fiscal charges	—	—	XX,XXX	—	—	XX,XXX	XX,XXX	XX,XXX
Total expenditures	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Excess of Revenues over (under)								
Expenditures	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>(XXX,XXX)</u>	<u>(X,XXX)</u>	<u>(XXX,XXX)</u>	<u>(XXX,XXX)</u>	<u>(XXX,XXX)</u>

NAME OF GOVERNMENT

.07 Combined Statement of Revenues, Expenditures, and Changes in Fund Equity— All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units—continued

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government	Component Units	Reporting Entity
Other financing sources (uses):								
Proceeds of general obligation bonds	—	—	—	X,XXX,XXX	—	X,XXX,XXX	—	X,XXX,XXX
Proceeds of special assessment debt	—	—	—	XXX,XXX	—	XXX,XXX	—	XXX,XXX
Operating transfers in	—	—	—	XX,XXX	X,XXX	XX,XXX	—	XX,XXX
Operating transfers out	(XX,XXX)	—	—	—	—	(XX,XXX)	—	(XX,XXX)
Operating transfers from primary government	—	—	—	—	—	—	XXX,XXX	XXX,XXX
Operating transfers to component units	—	—	—	(XXX,XXX)	—	(XXX,XXX)	—	(XXX,XXX)
Total Other Financing Sources (Uses)	(XX,XXX)	—	—	X,XXX,XXX	X,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	XX,XXX	XX,XXX	XX,XXX	XXX,XXX	XXX	XXX,XXX	(XX,XXX)	XXX,XXX
Net Income from Golf Course Operations	—	—	—	—	—	—	X,XXX	X,XXX
Fund Equity—January 1	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Fund Equity—December 31	\$ XXX,XXX	\$ XXX,XXX	\$XXX,XXX	\$X,XXX,XXX	\$ XX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX

The notes to the financial statements are an integral part of this statement. [NCGAS 1, Appendix A, Example 2, as amended by GASBS 14; GASBS 6, ¶ 13]

NAME OF GOVERNMENT

**.08 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General and Special Revenue Fund Types**

Year Ended December 31, 19X2

	<i>General Fund</i>			<i>Special Revenue Fund Types</i>			<i>Totals (Memorandum Only)</i>		
	<i>Budget</i>	<i>Actual</i>	<i>Variance— favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance— favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance— favorable (unfavorable)</i>
Revenues:									
Taxes	\$ XXX,XXX	\$ XXX,XXX	\$ (X,XXX)	\$ XXX,XXX	\$ XXX,XXX	\$ (XXX)	\$X,XXX,XXX	\$X,XXX,XXX	\$ (X,XXX)
Licenses and permits	XXX,XXX	XXX,XXX	(XX,XXX)	—	—	—	XXX,XXX	XXX,XXX	(XX,XXX)
Intergovernmental revenues	XXX,XXX	XXX,XXX	(XX,XXX)	XXX,XXX	XXX,XXX	(X,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)
Charges for services	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX
Fines and forfeits	XX,XXX	XX,XXX	XXX	—	—	—	XX,XXX	XX,XXX	XXX
Miscellaneous revenues	XX,XXX	XX,XXX	—	XX,XXX	XX,XXX	(X,XXX)	XX,XXX	XX,XXX	(X,XXX)
Total revenues	X,XXX,XXX	X,XXX,XXX	(XX,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)	X,XXX,XXX	X,XXX,XXX	(XX,XXX)
Expenditures:									
Current:									
General government	XXX,XXX	XXX,XXX	X,XXX	—	—	—	XXX,XXX	XXX,XXX	X,XXX
Public safety	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Highways and streets	XX,XXX	XX,XXX	(XXX)	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Sanitation	XX,XXX	XX,XXX	(X,XXX)	—	—	—	XX,XXX	XX,XXX	(X,XXX)
Health	XX,XXX	XX,XXX	X,XXX	—	—	—	XX,XXX	XX,XXX	X,XXX
Welfare	XX,XXX	XX,XXX	X,XXX	—	—	—	XX,XXX	XX,XXX	X,XXX
Culture and recreation	XX,XXX	XX,XXX	X,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Education	XXX,XXX	XXX,XXX	XX,XXX	—	—	—	XXX,XXX	XXX,XXX	XX,XXX
Total expenditures	X,XXX,XXX	X,XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX
Excess of									
Revenues over (under)									
Expenditures	XXX,XXX	XXX,XXX	XX,XXX	(XX,XXX)	XX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX
Other Financing Sources (Uses):									
Operating transfers out	(XX,XXX)	(XX,XXX)	—	—	—	—	(XX,XXX)	(XX,XXX)	—
Excess of Revenues									
over (under)									
Expenditures									
and Other Uses	XX,XXX	XX,XXX	XX,XXX	(XX,XXX)	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Fund Balances—January 1	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	—
Fund Balances—December 31	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XX,XXX</u>

The notes to the financial statements are an integral part of this statement. [NCGAS 1, Appendix A, Example 3, as amended by GASBS 14].

NAME OF GOVERNMENT

**.09 Combined Statement of Revenues, Expenses, and Changes in Fund Equity—
All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units
For the Fiscal Year Ended December 31, 19X2**

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>		<i>Totals (Memorandum Only)</i>	<i>Component Units</i>	<i>Totals (Memorandum Only)</i>
	<i>Enterprise</i>	<i>Internal Service</i>	<i>Nonexpendable Trust</i>	<i>Pension Trust</i>	<i>Primary Government</i>		<i>Reporting Entity</i>
Operating revenues:							
Charge for services	\$ XXX,XXX	\$ XX,XXX	\$ —	\$ —	\$ XXX,XXX	\$ X,XXX,XXX	\$X,XXX,XXX
Interest	—	—	X,XXX	XX,XXX	XX,XXX	—	XX,XXX
Contributions	—	—	—	XXX,XXX	XXX,XXX	—	XXX,XXX
Gifts	—	—	XX,XXX	—	XX,XXX	—	XX,XXX
Total operating revenues	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Operating expenses:							
Personal services	XXX,XXX	XX,XXX	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Contractual services	XX,XXX	XXX	—	—	XX,XXX	XXX,XXX	XXX,XXX
Supplies	XX,XXX	X,XXX	—	—	XX,XXX	XXX,XXX	XXX,XXX
Materials	XX,XXX	XX,XXX	—	—	XX,XXX	XXX,XXX	XXX,XXX
Heat, light, and power	XX,XXX	X,XXX	—	—	XX,XXX	XX,XXX	XXX,XXX
Depreciation	XXX,XXX	X,XXX	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Benefit payments	—	—	—	XX,XXX	XX,XXX	—	XX,XXX
Refunds	—	—	—	XX,XXX	XX,XXX	—	XX,XXX
Total Operating Expenses	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>—</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Operating Income (Loss)	<u>XXX,XXX</u>	<u>X,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>(XXX,XXX)</u>	<u>(XXX,XXX)</u>

NAME OF GOVERNMENT
.09 Combined Statement of Revenues, Expenses, and Changes in Fund Equity—
All Proprietary Fund Types, Similar Trust Funds,
and Discretely Presented Component Units—continued
For the Fiscal Year Ended December 31, 19X2

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>		<i>Totals (Memorandum Only)</i>	<i>Component Units</i>	<i>Totals (Memorandum Only)</i>
	<i>Enterprise</i>	<i>Internal Service</i>	<i>Nonexpendable Trust</i>	<i>Pension Trust</i>	<i>Primary Government</i>		<i>Reporting Entity</i>
Nonoperating Revenues (Expenses):							
Operating grants	XX,XXX	—	—	—	XX,XXX	XXX,XXX	XXX,XXX
Net income from joint venture	XXX,XXX	—	—	—	XXX,XXX	—	XXX,XXX
Interest revenue	X,XXX	—	—	—	X,XXX	XX,XXX	XX,XXX
Rent	X,XXX	—	—	—	X,XXX	—	X,XXX
Interest expense and fiscal charges	(XX,XXX)	—	—	—	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Tax revenues	—	—	—	—	XXX,XXX	XXX,XXX	—
Total Nonoperating Revenues	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX	XXX,XXX
Income (Loss) before Operating Transfers	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	XXX,XXX	(XXX,XXX)	XXX,XXX
Operating Transfers In (out)	—	—	(X,XXX)	—	(X,XXX)	—	(X,XXX)
Operating Transfers from primary government	—	—	—	—	—	XXX,XXX	XXX,XXX
Net income	XXX,XXX	X,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Fund Equity—January 1	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	XX,XXX,XXX
Contributions—Capital Grants	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX	X,XXX,XXX
Fund Equity—December 31	<u>\$X,XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>

The notes to the financial statements are an integral part of this statement. [NCGAS 1, Appendix A, Example 4, as amended by GASBS 14 and GASBS 20]

NAME OF GOVERNMENT
.10 Combining Balance Sheet—All Special Revenue Funds
December 31, 19X2

		Totals Year Ended					
	<i>Parks</i>	<i>State Gasoline Tax</i>	<i>Motor Vehicle License</i>	<i>Parking Meter</i>	<i>Juvenile Rehabilitation</i>	<i>December 31, 19X2</i>	<i>December 31, 19X1</i>
ASSETS							
Cash	\$XX,XXX	\$XX,XXX	\$ X,XXX	\$XX,XXX	\$XX,XXX	\$XXX,XXX	\$ XX,XXX
Investments, at cost	XX,XXX	—	—	XX,XXX	X,XXX	XX,XXX	XX,XXX
Receivables:							
Taxes receivable—delinquent (net of allowance for uncollectibles of \$XXX)	X,XXX	—	—	—	—	X,XXX	—
Accounts receivable (net of allowance for uncollectibles of \$XXX)	X,XXX	—	—	—	—	X,XXX	X,XXX
Accrued interest	XX	—	—	—	—	XX	—
Due from state government	—	XX,XXX	XX,XXX	—	—	XX,XXX	XX,XXX
Inventory of supplies, at cost	X,XXX	XXX	XXX	X,XXX	X,XXX	X,XXX	X,XXX
Total Assets	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers payable	\$XX,XXX	\$XX,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ XX,XXX	\$ XX,XXX
Contracts payable	XX,XXX	X,XXX	—	X,XXX	—	XX,XXX	XX,XXX
Judgments payable	X,XXX	—	—	—	—	X,XXX	—
Due to General Fund	X,XXX	—	—	—	—	X,XXX	—
Total Liabilities	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>X,XXX</u>	<u>X,XXX</u>	<u>X,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>
Fund Balances:							
Reserved for encumbrances	XX,XXX	XX,XXX	XX,XXX	XXX	X,XXX	XX,XXX	XX,XXX
Reserved for inventory of supplies	X,XXX	XXX	XXX	X,XXX	X,XXX	X,XXX	X,XXX
Unreserved	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Total Fund Balances	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>
Total Liabilities and Fund Balances .	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>

[NCGAS 1, Appendix B, Example 6]

NAME OF GOVERNMENT
.10 Combining Balance Sheet—All Special Revenue Funds—continued
December 31, 19X2

	<u>Parks</u>	<u>State Gasoline Tax</u>	<u>Motor Vehicle License</u>	<u>Parking Meter</u>	<u>Juvenile Rehabilitation</u>	<u>Totals Year Ended</u>	
						<u>December 31, 19X2</u>	<u>December 31, 19X1</u>
Revenues:							
Taxes	\$XXX,XXX	\$ —	\$ —	\$ —	\$ —	\$ XXX,XXX	\$ XXX,XXX
Intergovernmental revenues	—	XXX,XXX	XXX,XXX	—	XXX,XXX	XXX,XXX	XXX,XXX
Charges for services	—	—	—	XX,XXX	—	XX,XXX	XX,XXX
Miscellaneous revenues	XX,XXX	—	—	XXX	XXX	XX,XXX	XX,XXX
Total Revenues	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Expenditures:							
Public Safety	—	—	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Highways and streets	—	XXX,XXX	—	—	—	XXX,XXX	XXX,XXX
Culture and recreation	XXX,XXX	—	—	—	—	XXX,XXX	XXX,XXX
Total Expenditures	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>XXX,XXX</u>
Excess of Revenues over (under) Expenditures	X,XXX	X,XXX	X,XXX	(X,XXX)	X,XXX	XX,XXX	XX,XXX
Fund Equity—January 1	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>XX,XXX</u>
Fund Equity—December 31	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XXX,XXX</u>	<u>\$ XXX,XXX</u>

[NCGAS 1, Appendix B, Example 7, as amended by GASBS 14]

NAME OF GOVERNMENT

**.11 Statement of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—Parks Fund**

For the Fiscal Years Ended December 31, 19X2 and 19X1

	19X2			19X1		
	<u>Budget</u>	<u>Actual</u>	<u>Variance— Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance— Favorable (Unfavorable)</u>
Revenues:						
Taxes:						
Current	\$XXX,XXX	\$XXX,XXX	\$ (XXX)	\$XXX,XXX	\$XXX,XXX	\$(X,XXX)
Penalties and interest on delinquent taxes	XXX	XXX	XXX	XXX	XXX	(XXX)
Total Taxes	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>(XXX)</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>(X,XXX)</u>
Miscellaneous Revenues:						
Rents and royalties	XX,XXX	XX,XXX	(X,XXX)	XX,XXX	XX,XXX	X,XXX
Interest revenue	XXX	XXX	XXX	XXX	XXX	—
Total Miscellaneous Revenues	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>(X,XXX)</u>	<u>XX,XXX</u>	<u>XX,XXX</u>	<u>X,XXX</u>
Total Revenues	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>(XX,XXX)</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XXX</u>
Expenditures:						
Culture and Recreation:						
Supervision of parks	XX,XXX	XX,XXX	XXX	XX,XXX	XX,XXX	(XXX)
Parkways and boulevards	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	(X,XXX)
Park areas	XXX,XXX	XXX,XXX	X,XXX	XXX,XXX	XXX,XXX	(X,XXX)
Park lighting	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX
Park policing	XX,XXX	XX,XXX	XXX	XX,XXX	XX,XXX	(X,XXX)
Forestry and nursery	XX,XXX	XX,XXX	X,XXX	XX,XXX	XX,XXX	X,XXX
Total Expenditures	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>XX,XXX</u>	<u>XXX,XXX</u>	<u>XXX,XXX</u>	<u>(X,XXX)</u>
Excess of Revenues over (under) Expenditures	(X,XXX)	X,XXX	X,XXX	—	(X,XXX)	(X,XXX)
Fund Balance—January 1	XX,XXX	XX,XXX	—	XX,XXX	XX,XXX	—
Fund Balance—December 31	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ X,XXX</u>	<u>\$ XX,XXX</u>	<u>\$ XX,XXX</u>	<u>\$(X,XXX)</u>

[NCGAS 1, Appendix A, Example 8]

NAME OF GOVERNMENT

**.12 Statement of Changes in Assets and Liabilities—All Agency Funds
For Fiscal Year Ended December 31, 19X2**

	<i>Balance January 1, 19X2</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance December 31, 19X2</i>
<u>SPECIAL PAYROLL FUND</u>				
ASSETS				
Cash	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
LIABILITIES				
Vouchers payable	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
<u>PROPERTY TAX FUND</u>				
ASSETS				
Cash	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Taxes receivable (net of allowances for uncollectibles)	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Total Assets	\$ XXX,XXX	\$ X,XXX,XXX	\$ X,XXX,XXX	\$ XXX,XXX
LIABILITIES				
Due to Other Taxing Units:				
County	\$ XXX,XXX	\$ X,XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Special district	XX,XXX	XXX,XXX	XX,XXX	XX,XXX
Total Liabilities	\$ XXX,XXX	\$ X,XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
<u>STUDENT ACTIVITY FUND</u>				
ASSETS				
Cash	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX
LIABILITIES				
Due to student groups	\$ X,XXX	\$ X,XXX	\$ X,XXX	\$ X,XXX
<u>TOTALS—ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ XX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX
Taxes receivable (net of allowances for uncollectibles)	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Total Assets	\$ XXX,XXX	\$ X,XXX,XXX	\$ X,XXX,XXX	\$ XXX,XXX
LIABILITIES				
Vouchers payable	\$ X,XXX	\$ XX,XXX	\$ XX,XXX	\$ X,XXX
Due to other taxing units	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX
Due to student groups	X,XXX	X,XXX	X,XXX	X,XXX
Total Liabilities	\$ XXX,XXX	\$ X,XXX,XXX	\$ XXX,XXX	\$ XXX,XXX

[NCGAS 1, Appendix B, Example 9]

NAME OF GOVERNMENT
.13 Combining Balance Sheet—Component Units
December 31, 19X2

	<u>School District</u>	<u>Parks and Recreation Commission</u>	<u>Transit Authority</u>	<u>Airport Authority</u>	<u>Convention Center Authority</u>	<u>Totals</u>
Assets:						
Cash	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$ XX,XXX	\$ XXX,XXX	\$ X,XXX,XXX
Investments	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Receivables (net of allowance for uncollectibles):						
Taxes	XX,XXX	X,XXX	—	—	—	XX,XXX
Accounts	—	—	X,XXX	XX,XXX	XX,XXX	XX,XXX
Lease receivable from primary government	—	—	—	XXX,XXX	—	XXX,XXX
Land	XXX,XXX	X,XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Buildings	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Improvements other than buildings	X,XXX,XXX	—	—	XXX,XXX	XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	—	—	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Machinery and equipment	X,XXX,XXX	XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Accumulated depreciation	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(XXX,XXX)	(X,XXX,XXX)
Amounts to be provided	XXX,XXX	XX,XXX	—	—	—	XXX,XXX
Total assets	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$XX,XXX,XXX</u></u>
Liabilities:						
Vouchers payable	XXX,XXX	XXX,XXX	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Contracts payable	—	XX,XXX	—	—	—	XX,XXX
Due to primary government	—	—	XX,XXX	—	—	XX,XXX
General obligation bonds payable	XXX,XXX	XX,XXX	—	XXX,XXX	X,XXX,XXX	X,XXX,XXX
Revenue bonds payable	—	—	—	—	—	—
Total liabilities	<u><u>XXX,XXX</u></u>	<u><u>XXX,XXX</u></u>	<u><u>XXX,XXX</u></u>	<u><u>XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>
Equity:						
Investment in general fixed assets	X,XXX,XXX	X,XXX,XXX	—	—	—	X,XXX,XXX
Contributed capital	—	XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Retained earnings	—	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Fund balances:						
Reserved for encumbrances	XXX,XXX	XX,XXX	—	—	—	XXX,XXX
Unreserved	XXX,XXX	XXX,XXX	—	—	—	XXX,XXX
Total equity	<u><u>X,XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>	<u><u>X,XXX,XXX</u></u>	<u><u>XX,XXX,XXX</u></u>
Total liabilities and equity	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$X,XXX,XXX</u></u>	<u><u>\$XX,XXX,XXX</u></u>

[GASBS 14, ¶ 156]

NAME OF GOVERNMENT

.14

Combining Statement of Revenues, Expenditures and Changes in Fund Equity—Component Units

For the Fiscal Year Ended December 31, 19X2

	<i>School District</i>	<i>Parks and Recreation Commission</i>	<i>Totals</i>
Revenues:			
Taxes	\$XXX,XXX	\$XXX,XXX	\$ XXX,XXX
Intergovernmental	XXX,XXX	XX,XXX	XXX,XXX
Licenses and permits	—	XX,XXX	XX,XXX
Total revenues	XXX,XXX	XXX,XXX	XXX,XXX
Expenditures:			
Current:			
General government	—	XXX,XXX	XXX,XXX
Public safety	—	—	—
Highways and streets	—	—	—
Education	XXX,XXX	—	XXX,XXX
Capital outlay	XX,XXX	XX,XXX	XXX,XXX
Debt service—Principal	XX,XXX	XX,XXX	XX,XXX
Interest	XX,XXX	X,XXX	XX,XXX
Total expenditures	XXX,XXX	XXX,XXX	XXX,XXX
Other Financing Sources (Uses):			
Operating transfers from primary government	—	XXX,XXX	XXX,XXX
Total other financing sources (uses)	—	XXX,XXX	XXX,XXX
Excess of revenues and other sources over (under) expenditures and other uses	(XX,XXX)	XX,XXX	(XX,XXX)
Net income from golf course	—	X,XXX	X,XXX
Fund equity—Beginning	XXX,XXX	XXX,XXX	X,XXX,XXX
Fund equity—Ending	\$XXX,XXX	\$XXX,XXX	\$X,XXX,XXX

[GASBS 14, ¶ 156]

NAME OF GOVERNMENT

.15

**Combining Statement of Revenues, Expenses and Changes
in Fund Equity—Component Units**

For the Fiscal Year Ended December 31, 19X2

	<i>Transit Authority</i>	<i>Airport Authority</i>	<i>Convention Center Authority</i>	<i>Totals</i>
Operating Revenues:				
Charges for services	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX	\$X,XXX,XXX
Total operating revenues	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Operating Expenses:				
Personal services	XXX,XXX	XXX,XXX	XXX,XXX	XXX,XXX
Contractual services	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Supplies	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Materials	XX,XXX	XX,XXX	XX,XXX	XXX,XXX
Heat, light, and power	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Depreciation	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Total operating expenses	XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Operating income (loss)	(XXX,XXX)	(XX,XXX)	(XX,XXX)	(XXX,XXX)
Nonoperating Revenues (Expenses):				
Operating grants	XXX,XXX	XX,XXX	XXX,XXX	XXX,XXX
Interest revenue	XX,XXX	XX,XXX	X,XXX	XX,XXX
Interest expense and fiscal changes	—	(XX,XXX)	(XXX,XXX)	(XXX,XXX)
Tax revenues	—	—	XXX,XXX	XXX,XXX
Total nonoperating revenues (expenses)	XXX,XXX	XXX,XXX	XX,XXX	XXX,XXX
Income (loss) before operating transfers	(XXX,XXX)	X,XXX	X,XXX	(XXX,XXX)
Operating transfers from primary government	XXX,XXX	—	XX,XXX	XXX,XXX
Net income	XX,XXX	X,XXX	XX,XXX	XX,XXX
Fund equity—Beginning	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Contributions—Capital grants	XXX,XXX	XXX,XXX	—	XXX,XXX
Fund equity—Ending	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX

[GASBS 14, ¶ 156]

NAME OF GOVERNMENT

.16

Illustrative Notes to Financial Statements

December 31, 19X2

1. Summary of Significant Accounting Policies

The Name of Government accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Accordingly, the City uses several funds and account groups which are described below.

A. Fund Types and Account Groups

A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The City maintains the following fund types and account groups:

Governmental fund types, that include the General Fund, special revenue funds and the Capital Projects Fund, are used to record the general operations of the City;

Proprietary fund types, that are used to account for activities conducted on a fee for service basis in a manner similar to commercial enterprises, provide services to the City (internal service funds) and the public (enterprise funds);

Fiduciary fund types (trust and agency funds), that are used to account for assets held by the City as an agent for private individuals or organizations or in trust;

General fixed assets and general long-term obligation account groups, that are used to account for property and equipment and long-term obligations of governmental funds. General long-term bonded debt was repaid through the General Fund, because it was the City's policy to allocate property tax collections first to debt service requirements, then to other purposes.

The combined financial statements include total columns that aggregate the financial statements of the various fund types and account groups. The columns are designated "memorandum only" because the totals are not comparable to a consolidation in that interfund transactions are not eliminated. Comparative information presented for 19x1 contains certain reclassifications to conform to the 19x2 presentation.

B. Reporting Entity

All significant activities and organizations on which the City exercises oversight responsibility have been included in the City's general-purpose financial statements, for the year ended December 31, 19x2. The following criteria regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

- Financial interdependency—The City is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the City.
- Election of the government authority—The locally elected City Council is exclusively responsible for all public decisions and accountable for the decisions it makes.
- Designation of management—The City Council appoints the City Manager and the Water Commissioner. The City Manager hires other members of City management and the Water Commissioner appoints a Water Commission manager who hires other members of the Water Commission management. The activities under the purview of management are within the scope of the

reporting entity and management is accountable to the City Council for the Activities being managed.

- Ability to significantly influence operations—The City Council has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.
- Accountability of fiscal matters—The responsibility and accountability over all funds is vested in the City management.

C. Basis of Accounting

Governmental fund types, agency funds and the expendable trust fund use a modified accrual basis of accounting. Revenues are recognized when available and measurable. Revenues that are accrued include federal and state grants and subventions, property taxes, transient occupancy taxes, sales taxes collected by the State on behalf of the City prior to year-end, interest, and certain charges for current services. Revenues that are not considered susceptible to accrual include certain licenses, permits, fines, forfeitures, penalties, and other taxes. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Proprietary fund types and the nonexpendable trust fund are accounted for on the accrual basis. The Water and Wastewater Enterprise Funds bill for services on a staggered, bimonthly basis. This billing method does not capture all amounts receivable by the City at the end of each fiscal year. The unbilled amounts and the variance between such amounts at December 31, 19x2 and 19x1 are not material and have not been recorded.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” because they do not

represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Special reporting treatments also are applied to governmental fund inventories to indicate that they do not represent "available spendable resources," even though they are a component of net current assets. Such amounts generally are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They instead are reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds and Nonexpendable Trust and Pension Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at locations throughout the City to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted, or as amended by the City Council on June 27, 19X2. Individual amendments were not material in relation to the original appropriations which were amended.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

G. Investments

Investments are stated at cost or amortized cost, which approximates market.

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

I. Advance to Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" because they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources."

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts are not accrued in governmental funds (using the modified accrual basis of accounting). At December 31, 19X2, unrecorded General and Special Revenue Fund liabilities included approximately \$XX,XXX vacation pay, \$XX,XXX sick pay, and \$XX,XXX employee health benefits. These amounts do not exceed normal year's accumulations.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

L. Statement of Cash Flows

In 19X2 the City adopted GASB Statement 9 "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". For purposes of reporting cash flows all highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

2. Cash and Investments

Cash and investments stated at cost consisted of the following:

Cash	\$ XXX,XXX
Certificates of deposit	XX,XXX,XXX
Pooled investments	XX,XXX,XXX
Cash and investments in deferred compensation plan	X,XXX,XXX

The City maintains a cash and investment pool for all funds except those of the Civic Center Lease Trust Fund and certain restricted assets of the Parking Authority Enterprise Fund that are held separately at the Bank of America as trustee for the City, and the Deferred Compensation Fund that are held by ICMA Retirement Corporation (ICMA). Investment income generally is allocated to the various funds based upon the funds' average cash and investment balances.

All cash and time deposits are entirely insured or collateralized. The name of state Government Code requires name of state banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a City's deposits. Name of state law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

The City may waive collateral requirements for deposits that are fully insured up to \$XXX,XXX by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The surplus funds of the City may be invested in any of the following list of eligible securities. This list is drawn from the approved investments contained in the name of state Government Code Sections 53600 et seq., limited further by the investment policy adopted by City Council.

<i>Type</i>	<i>Dollar limits</i>	<i>Maximum term</i>	<i>Liquid</i>
General instruments			
Local Agency Investment Fund (LAIF)	\$XX million	Available	Yes
U.S. Treasury Bonds, Notes and Bills	None	5 years	Yes
U.S. Government Agencies	None	5 years	Yes
Collateralized investments			
Reverse Repurchase Agreements.....	\$XX million	6 months	By agreement
Time Deposits—Banks and Savings Associations	\$XX million	1 year	No
Financial options	\$XX million	60 days	Yes
Uncollateralized instruments			
Negotiable Certificates of Deposit	30% of total portfolio	5 years	Yes
Certain Corporate Medium Term Notes	15% of total portfolio	5 years	Yes
Commercial Paper	30% of total portfolio	90 days	Yes
Bankers Acceptances.....	30% of total portfolio	180 days	Yes

At year end, the carrying amount of the City's investments was \$XXX,XXX,XXX with a market value of \$XXX,XXX,XXX.

The City's investments are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities.

The levels of risk assumed in the various investments are categorized as follows:

- Category 1: includes investments that are insured or registered or for which the securities are held by the City of its agent in the City's name.
- Category 2: includes uninsured and unregistered investments for which the securities are held by the bank's or dealer's trust department or agent in the City's name.
- Category 3: includes uninsured and unregistered investments for which the securities are held by the bank or dealer, or by its trust department or agent but not in the City's name.

	Category			Total Cost	Total Cost
	1	2	3		
U.S. Government Securities .	\$ —	\$ XX,XXX,XXX	\$X,XXX,XXX	\$ XX,XXX,XXX	\$ XX,XXX,XXX
Bankers' Acceptances	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX
Certificates of Deposit	X,XXX,XXX	XX,XXX,XXX	X,XXX,XXX	XX,XXX,XXX	XX,XXX,XXX
Corporate Term Medium Notes	—	X,XXX,XXX	—	X,XXX,XXX	X,XXX,XXX
Commercial Paper	—	XX,XXX,XXX	—	XX,XXX,XXX	XX,XXX,XXX
	X,XXX,XXX	XXX,XXX,XXX	X,XXX,XXX	XXX,XXX,XXX	XXX,XXX,XXX
Investment in State Treasurer's Investment Pool	X,XXX,XXX	X,XXX,XXX			
				\$XXX,XXX,XXX	\$XXX,XXX,XXX

Reverse Repurchase Agreement

On December 1, 19X2 the City entered into a reverse repurchase agreement with First Interstate Bank. In this agreement the City put up a \$X,XXX,XXX U.S. Treasury note with a coupon rate of interest of 6.375% as collateral for a loan of \$X,XXX,XXX at 6.5% for thirty days. The loan proceeds were used to purchase a \$X,XXX,XXX Imperial Savings Certificate with an interest rate of 7.1% which matures on January 1, 19X3.

3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on March 1 and payable in two installments on June 1 and September 1. The City bills and collects its own property taxes and also taxes for the County School District. Collections of the county taxes and remittance of them to the District are accounted for in the School District Tax Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The City is permitted by the Municipal Finance Law of the state to levy taxes up to \$5.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended December 31, 19X2, was \$3.74 per \$100, which means that the City has a tax margin of \$1.26 per \$100 and could raise up to \$XXX,XXX additional a year from the present assessed valuation of \$XX,XXX,XXX before the limit is reached.

4. Due from Other Governments

Amounts due from other governments include \$XXX,XXX due from the County in connection with the construction of the Civic Center, which is expected to cost \$X,XXX,XXX, with \$X,XXX,XXX to be financed through a grant from the County (\$XXX,XXX of this amount was paid during 19X8). The \$XXX,XXX still due from the County is expected to be received when the project is 50 percent complete. Construction is expected to be 50 percent complete by April 1, 19X3, and fully complete by November 1, 19X3.

5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance Jan. 1, 19X2	Additions	Deletions	Balance Dec. 31, 19X2
Land	\$X,XXX,XXX	\$ XX,XXX	\$ —	\$X,XXX,XXX
Buildings	X,XXX,XXX	XXX,XXX	XXX,XXX	X,XXX,XXX
Improvements other than buildings	XXX,XXX	XXX,XXX	XX,XXX	X,XXX,XXX
Equipment	XXX,XXX	XX,XXX	XX,XXX	XXX,XXX
Construction in progress	XXX,XXX	X,XXX,XXX	XXX,XXX	X,XXX,XXX
Total	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>

Construction in progress is composed of the following:

	<i>Project authorization</i>	<i>Expended to Dec. 31, 19X2</i>	<i>Committed</i>	<i>Required future financing</i>
Civic Center	\$X,XXX,XXX	\$X,XXX,XXX	\$ XXX,XXX	None
Mill Street Bridge	XXX,XXX	XXX,XXX	XX,XXX	None
Improvement District No. 80	XXX,XXX	XXX,XXX	XX,XXX	None
Total	<u>\$X,XXX,XXX</u>	<u>\$X,XXX,XXX</u>	<u>\$ X,XXX,XXX</u>	

A summary of proprietary fund type property, plant, and equipment at December 31, 19X2 follows:

	<i>Enterprise</i>	<i>Internal Service</i>
Land	\$ XXX,XXX	\$ XX,XXX
Buildings	XXX,XXX	XX,XXX
Improvements other than buildings	X,XXX,XXX	XX,XXX
Equipment	X,XXX,XXX	XX,XXX
Construction in progress	XX,XXX	—
Total	<u>X,XXX,XXX</u>	<u>XXX,XXX</u>
Less accumulated depreciation	<u>XXX,XXX</u>	<u>XX,XXX</u>
Net	<u>\$X,XXX,XXX</u>	<u>\$XXX,XXX</u>

6. Changes in Long-Term Debt

The following is a summary of bond transactions of the City for the year ended December 31, 19X2 (in thousands of dollars):

	<i>General obligation</i>	<i>Revenue</i>	<i>Total</i>
Bonds payable at January 1, 19X2	\$X,XXX	\$X,XXX	\$X,XXX
New bonds issued:			
19X2 Civic Center	XXX	—	XXX
19X2 Richard Craddock Memorial Recreation Center	XXX	—	XXX
Bonds retired	(XXX)	(XX)	(XXX)
Bonds payable at December 31, 19X2	<u>\$X,XXX</u>	<u>\$X,XXX</u>	<u>\$X,XXX</u>

Bonds payable at December 31, 19X2 are comprised of the following individual issues (in thousands of dollars):

General obligation bonds:

\$X,XXX,XXX 19W2 Waterworks serial bonds due in annual installments of \$XX,XXX through January 1, 19Y6; interest at 4 percent (this issue is being serviced—principal and interest—by the Water and Sewer Enterprise Fund)	\$ XXX
\$X,XXX,XXX 19W2 Street, Bridge, and Drainage Improvements serial bonds due in annual installments of \$XX,XXX to \$XX,XXX through December 1, 19Y2; interest at 3 percent	XXX
\$XXX,XXX 19X2 Civic Center serial bonds due in annual installments of \$XX,XXX through December 1, 19Z2; interest at 4 percent	XXX
\$XXX,XXX 19X2 Richard Craddock Memorial Recreation Center serial bonds due in annual installments of \$XX,XXX through December 1, 19Z2; interest at 5 percent	XXX
	<u>\$X,XXX</u>

Revenue bonds:

\$X,XXX,XXX Water and Sewer serial bonds due in annual installments of \$XX,XXX to \$XX,XXX through January 1, 19Z2; interest at 3½ percent	\$X,XXX
\$XXX,XXX 19W8 Water and Sewer serial bonds due in annual installments of \$XX,XXX to \$XX,XXX through January 1, 19Z2; interest at 3½ percent	XXX
	<u>\$X,XXX</u>

The annual requirements to amortize all debt outstanding as of December 31, 19X2, including interest payments of \$X,XXX,XXX, are as follows:

**Annual Requirements to Amortize Long-Term Debt
December 31, 19X2**

(in thousands of dollars)

<i>Year ending December 31</i>	<i>General obligation</i>	<i>Revenue</i>	<i>Total</i>
19X3	\$ XXX	\$ XXX	\$ XXX
19X4	XXX	XXX	XXX
19X5	XXX	XXX	XXX
19X6	XXX	XXX	XXX
19X7	XXX	XXX	XXX
19X8-Y2	X,XXX	XXX	X,XXX
19Y3-Y7	XXX	XXX	X,XXX
19Y8-Z2	XXX	XXX	XXX
	<u>\$X,XXX</u>	<u>\$X,XXX</u>	<u>\$X,XXX</u>

\$XX,XXX is available in the Debt Service Funds to serve the general obligation bonds.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

7. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure, as part of the Combined Statements—Overview, of certain information concerning individual funds including:

- A. Segment information for certain individual Enterprise Funds. This requirement is effectively met in this report by The Combined Balance Sheet—All Fund Types and Account Groups, The Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances—All Proprietary Fund Types and Similar Trust Funds and the Combined Statement of Changes in Financial Position—All Proprietary Fund Types and Similar Trust Funds because the City maintains only one Enterprise Fund.
- B. Summary disclosures of debt service requirements to maturity for all types of outstanding debt. This requirement is met by Note 6.
- C. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 5.
- D. Summary disclosures of changes in general long-term debt. This requirement is met by Note 6.
- E. Excess of expenditures over appropriations in individual funds. Civic Center Capital Projects Fund expenditures of \$X,XXX,XXX exceeded appropriations of \$X,XXX,XXX. Mill Street Bridge Capital Projects Fund expenditures of \$XX,XXX exceeded appropriations of \$XX,XXX.
- F. Individual fund interfund receivable and payable balances. Such balances at December 31, 19X2 were:

Fund	<i>Interfund Receivables</i>	<i>Interfund Payables</i>
General Fund	\$XX,XXX	\$XX,XXX
Special Revenue Fund:		
Parks Fund		X,XXX
Capital Projects Fund:		
Mill Street Bridge Fund		X,XXX
Enterprise Fund:		
Water and Sewer Fund	X,XXX	
Internal Service Fund:		
Central Garage Fund	XX,XXX	XX,XXX
Pension Trust Fund:		
Employees' Retirement System	XX,XXX	

Expendable Trust Fund:		
Endowment Revenues fund	X,XXX	
	<u>\$XX,XXX</u>	<u>\$XX,XXX</u>

8. Pension Plans

The City has historically presented the financial statements of its pension plan in accordance with the official pronouncements of the National Council on Governmental Accounting (NCGA) and the Financial Accounting Standards Board (FASB).

In preparing the financial statements of the Municipal Pension fund for Fiscal 19X2, the City has considered the Governmental Accounting Standards Board (GASB) Statements 1 and 4. These statements list several pronouncements that provide alternate methods of acceptable accounting and reporting principles for public employee retirement systems and state and local government employers. Where practicable, the City has adopted the disclosure requirements of GASB Statement 5.

A. Municipal Pension Plan

1. **PLAN DESCRIPTION**—The City is required by the Home Rule Charter to maintain an actuarially sound pension and retirement system (PERS), as a single employer plan, covering all officers and employees of the City, and the officers and employees of certain other governmental and quasi-governmental organizations. Court decisions have interpreted this requirement to mean that the City must make contributions to the Municipal Pension Fund sufficient to fund:

- a. Accrued normal costs, which are actuarially computed amounts necessary to be contributed to the pension fund to provide, in the future, the pension and survivor benefits earned by the work force during the year.
- b. Amortization in level installments (which include interest) over periods of 20 and 40 years, of certain unfunded prior service costs as ordered by the Court of Common Pleas of the County in two class action suits brought by pension fund beneficiaries.
- c. Interest on the remaining unfunded accrued liability of the pension plans.

In Fiscal 19X2 the city contributed the amounts prescribed in a. and b. above plus a scheduled amount sufficient to amortize (inclusive of interest) the remaining unfunded accrued liability over a 36-year period.

The schedule has been determined on the basis of a formula which produces amounts expected to be a level percentage of each year's aggregate payroll. The level percentage of payroll funding method is deemed actuarially sound and is in common use by public jurisdictions in the United States. Under this method, the unfunded accrued liability of \$X.X billion at December 31, 19X1 will increase to \$X.X billion by the year 2005 as unpaid interest on that liability compounds. Scheduled payments through the year 2019 will reduce the liability to zero. At January 1, 19X1 City Pension Plan membership consisted of:

(1) Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them:	24,758
(2) Current employees	31,970
(3) Total Membership	56,728

The Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after 10 years of credited service. Employees who retire are entitled to an annual retirement benefit, payable monthly for life.

- a. Uniformed Personnel (Police and Fire) who retire at or after age 45 are eligible to receive a service pension equal to $2\frac{1}{2}\%$ of the employee's average final compensation multiplied by his years of credited service, subject to a maximum of 100% of average final compensation.
- b. Municipal employees who retire at or after age 55 are eligible to receive a service pension equal to the sum of: $2\frac{1}{2}\%$ of the employee's average final compensation multiplied by his years of credited service to a maximum of 20 years; plus 2% of the employee's average final compensation multiplied by his years of credited service in excess of 20; limited to 80% of the employee's average final compensation.

Average final compensation is defined as follows:

- a. Uniformed Personnel—the highest of the total compensation received during the 12-month period that produces the highest figure; or the annual base rate of pay, excluding longevity payments, calculated from the final pay period; or the arithmetic average of the total compensation received during the five calendar years of employment that produces the highest average.
- b. Municipal Employees represented by the American Federation of State, County and Municipal Employee Union (AFSCME) and certain court employees—the arithmetic average of the total compensation received during the three calendar or anniversary years that produces the highest average.
- c. Elected and appointed officials and other positions not represented by a union—the arithmetic average of the total compensation received during the three calendar or anniversary years that produces the highest average.

Covered employees who participate in the Social Security System, contribute $3\frac{3}{4}\%$ of his or her total compensation up to the taxable wage base and 6% of total compensation above the taxable wage base to the Retirement System. Each employee who does not participate in the Social Security System contributes 6% of his or her total compensation to the Retirement System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

- a. Basis of Accounting—Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.
- b. Method Used to Value Investments—Pension Plan securities are reported at cost; investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date. The market value of Pension Fund investments held at December 31, 19X2 totalled \$X,XXX.X million.

3. FUNDING STATUS AND PROGRESS—The amount shown below as “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Pension Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and is independent of the actuarial funding method used to determine contributions to the PERS.

The pension benefit obligation was determined as part of an actuarial valuation at January 1, 19X1. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 9% per year compounded annually; (b) projected salary increases of 6% per year compounded annually, and (c) age 65 assumed retirement age.

At January 1, 19X1 the unfunded pension benefit obligation was \$X,XXX.X million, as follows:

	<i>(Amounts in Thousands)</i>
Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$X,XXX,XXX
Current employees—	
Accumulated employee contributions including allocated investment income	XXX,XXX
Employer-financed vested	XXX,XXX
Employer-financed nonvested	XXX,XXX
Total pension benefit obligation	X,XXX,XXX
Net assets available for benefits, at cost value	X,XXX,XXX
Unfunded pension benefit obligation	\$X,XXX,XXX

4. **CONTRIBUTION REQUIRED AND CONTRIBUTIONS MADE**—The Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are based on the unfunded accrued pension liability as determined by using the Entry Age actuarial cost method. This method differs from the Projected Unit Credit method that was used to determine the unfunded liability at December 31, 19X1. The effect of this change is to increase the unfunded accrued liability and Fiscal 1987 contributions by \$XXX.X million and \$X.X million, respectively.

Contributions totalling \$XXX.X million were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at January 1, 19X1. These contributions consisted of (a) \$XX.X million normal cost and (b) \$XX.X million amortization of the unfunded actuarial accrued liability less \$XX.X million credit for advance payments.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation in 3. above.

5. **TEN-YEAR HISTORICAL TREND INFORMATION**—Ten-year historical trend information designed to provide information about the Pension Plan's progress made in accumulating sufficient assets to pay benefits when due is presented following the notes to the financial statements.

B. School District Pension Plan

School districts in the Commonwealth participate in a State administered pension program established under legislative authority, which is a cost-sharing multiple-employer PERS. Under this program, contributions are made by each of three parties—The District, the Commonwealth and the employee. All the District's full-time employees, part-time employees salaried over eighty days and hourly employees working more than five hundred hours per year participate in the program. Currently, each party to the program contributes a fixed percentage of employees' gross earnings.

The pension program is wholly administered by the statewide, autonomous Public School Employees Retirement System (PSERS). The School District has no responsibility or authority for the operation and administration of the pension program nor has it any related liability except for the current contribution requirements.

There are approximately 200,000 contributing participants in the pension program and approximately 90,400 members including beneficiaries receiving benefits.

A brief statement of the terms of the pension plan follows:

1. **PENSION BENEFITS**—A participant may retire with a normal retirement allowance at the age of sixty-two with one full year of service, age sixty with thirty or more years of service or with thirty-five years of service regardless of age. The normal retirement allowance paid monthly for life and then to beneficiaries

if certain options are exercised, equals 2% of the average of the highest three earning years multiplied by the number of years of credited service.

Early retirement is permitted at age fifty-five or older with twenty-five years or more of credited service with a reduction of 3% per year of normal retirement benefits.

2. DEFERRED ALLOWANCE—A participant leaving employment before attaining retirement age but completing ten years of service may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date.
3. DEATH BENEFITS—When a participant dies in active service after attaining normal retirement age and service, the beneficiary is entitled to a death benefit of the present value of the normal retirement allowance computed in (1) above. If a participant dies before attaining normal retirement age but after ten years of credited service, the beneficiary is entitled to a death benefit as indicated above but reduced by an early retirement factor provided by PSERS.
4. DISABILITY BENEFITS—After five years of credited service a participant who becomes disabled and meets the PSERS medical standards is eligible for an annuity which equals 2% of the highest three years earnings multiplied by the number of years of credited service. The disability determination is subject to periodic review.

Both the School District's current-year payroll and its total current-year payroll for all employees amount to \$XXX.X million.

The School District's and the Commonwealth's percentages are equal and were 9.95% in Fiscal 19X2, and were decreased to 9.77% on January 1, 19X3. The employees rate was 5.25% but on July 22, 1983, a State law was passed which increased the rate to 6.25% for employees hired after that date.

Total contributions made during Fiscal 19X2 amounted to \$XX.X million, of which \$XX.X million was contributed by the School District and \$XX.X million by School District employees. These contributions represented 10.02% and 6.15%, respectively, of covered payroll.

The amount of the total pension benefit obligation is based on standardized measurement established by GASB Statement 5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This person valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among PERS and among employers.

Total unfunded pension benefit obligation of the State PERS as of December 31, 19X2 was as follows:

	<i>(Amounts in Billions)</i>
Total Pension Benefit Obligations	\$XX.X
Net Assets Available for Pension Benefits, At Market	X.X
Unfunded Pension Benefit Obligation	\$ X.X

The measurement of the total pension benefit obligation is based on an actuarial valuation as of December 31, 19X1. Net assets available to pay pension benefits were valued as of the same date.

The School District's 19X2 required contribution to the State PERS represents 9.95% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Ten-year historical trend information is presented in the 19X2 State PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

During 19X2 and as of December 31, 19X2, the State PERS held no securities issued by the School District or other related parties.

9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The City does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the City has no liability for losses under the plan. However, the City does have the duty of due care that would be required of an ordinary prudent investor. The City believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

All assets of the Plan are held by an independent administrator. It is appropriate to include this entity in the City's 19X2 financial statements since the City has title to these assets. The Deferred Compensation Fund is reported as an Agency Fund and its assets are presented at market value at September 30, 19X2.

10. Intergovernmental Revenues—Debt Service Funds

Under the provisions of state law, the state reimburses the City for a portion of the financing costs of various approved projects. Payments totaling \$XXX,XXX have been made through December 31, 19X2 including \$XX,XXX in 19X2 for projects financed by the proceeds of the 19V5 Street, Bridge and Drainage Improvement bonds. These amounts must be used to abate a portion of the tax levied for principal and interest payments due on the approved project bonds. These reimbursements represent approximately 45 percent of the debt service on the 19V5 Street, Bridge and Drainage Improvement bonds and are expected to average approximately \$XX,XXX annually until the bonds mature.

11. Litigation

The City Council and the City are defendants in litigation seeking damages of \$XXX,XXX for violation of civil rights in a zoning decision. The suit alleges that the defendants conspired to down-zone property and refused to accept an application for a building permit by the plaintiff resulting in a violation of his civil rights. Outside counsel for the City is of the opinion that the defendants will prevail.

There are several other pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

12. Commitments

Commitments under lease agreements for facilities and equipment provide for minimum annual rental payments as follows:

	<i>Facilities</i>	<i>Equipment</i>	<i>Total</i>
19X3	\$ XX,XXX	\$ XX,XXX	\$ XX,XXX
19X4	XX,XXX	XX,XXX	XX,XXX
19X5	XX,XXX	XX,XXX	XX,XXX
19X6	XX,XXX	XX,XXX	XX,XXX
19X7	XX,XXX	XX,XXX	XX,XXX
Thereafter	XXX,XXX	-	XXX,XXX
Total	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>	<u>\$XXX,XXX</u>

19X2 rent expense was \$XX,XXX. Commitments under construction contracts are described in Note 4.

13. Contingent Liabilities

The City participates in a number of federally assisted grant programs, principal of which are the General Revenue Sharing, Community Development Block Grant, Comprehensive Employment Training Act, and Local Public Works programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended December 31, 19X2 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

14. Subsequent Event

On February 13, 19X3, the City Council was officially notified that its application for a construction grant from the Environmental Protection Agency (EPA) was approved. Under the grant, the City is to construct a wastewater treatment plant at a total cost of approximately \$X,XXX,XXX. EPA will finance 75 percent of the total cost, approximately \$X,XXX,XXX, with the City financing the balance of \$XXX,XXX by issuing water and sewer revenue bonds. Construction is expected to commence in late 19X3 with completion currently scheduled for mid-19X5.

.17 Unqualified Opinion on the General-Purpose Financial Statements Submitted Together With Combining and Individual Fund and Account Group Financial Statements and Supporting Schedules as Supplementary Data ¹

Independent Auditor's Report

We have audited the accompanying financial statements of [name of entity], as of December 31, 19X2, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of City of Example, Any State, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards.² Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Example, Any State, as of December 31, 19X2, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of [name of entity]. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

[Signature]

[Date]

¹ When the report on the Financial Statements is submitted to comply with a legal, regulatory, or contractual requirement for an audit in accordance with *Government Auditing Standards*, insert the phrase "and the *Government Auditing Standards* issued by the Comptroller General of the United States".

² When the report on the Financial Statements is submitted to comply with a legal, regulatory, or contractual requirement for an audit in accordance with *Government Auditing Standards*, a paragraph similar to the following should be added after the opinion paragraph:

In accordance with *Government Auditing Standards*, we have also issued a report dated (date of report) on our consideration of City of Example's internal control structure and a report dated (date of report) on its compliance with laws and regulations.

.18 Unqualified Report on Compliance Report Based on an Audit of the General-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards* (No Material Instances of Noncompliance)

Independent Auditor's Report

We have audited the general-purpose financial statements of *[name of entity]*, as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to City of Example, Any State, is the responsibility of City of Example, Any State's, management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of the City, Any State's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and *[specify legislative or regulatory body]*. However, this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]

.19 Report on the Internal Control Structure Based on an Audit of General-Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited the general-purpose financial statements of [name of entity], as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of [name of entity] is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles.³ Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of [name of entity], for the year ended December 31, 19X2, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.⁴

[Include paragraphs to describe the reportable conditions noted.]

³ If the financial statements are on a basis other than GAAP, the phrase "generally accepted accounting principles" should be modified.

⁴ Paragraph 17 of SAS 60, *Communication of Internal Control Structure Related Matters Noted in a Financial Statement Audit*, prohibits the auditor from issuing a written report representing that no reportable conditions were noted during an audit. When the auditor notes no reportable conditions during an audit, he or she may issue a report, such as the following, to satisfy the requirements of *Government Auditing Standards*:

[First through sixth paragraphs of the report are the same as those illustrated in the above example.]

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of [name of entity], in a separate communication dated March 15, 19X3.

[Last paragraph of the report is the same as that illustrated in the above example.]

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.⁵

We also noted other matters involving the internal control structure and its operation that we have reported to the management of [name of entity] in a separate letter dated March 15, 19X3.

This report is intended for the information of the audit committee, management, and [specify legislative or regulatory body]. However, this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]

⁵ If conditions believed to be material weaknesses are disclosed, the report should describe those weaknesses and the last sentence of this paragraph should be modified as follows:

However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of [name of entity] for the year ended December 31, 19X2.

[A description of the material weaknesses that have come to the auditor's attention would follow.]

.20 Single Audit Unqualified Opinion on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs

Independent Auditor's Report

We have audited the general-purpose financial statements of *[name of entity]*, as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3.

We have also audited *[name of entity's]* compliance with the requirements governing *[list specific requirements tested]* (see Chapter 23, par. 23.40 of the guide) that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended December 31, 19X2. The management of *[name of entity]* is responsible for *[name of entity's]* compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about *[name of entity's]* compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, *[name of entity]* complied, in all material respects, with the requirements governing *[list requirements tested]* that are applicable to each of its major federal financial assistance programs for the year ended December 31, 19X2.

This report is intended for the information of the audit committee, management, and *[specify legislative or regulatory body]*. However, this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]

.21 Single Audit Unqualified Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs

Independent Auditor's Report

We have audited the general-purpose financial statements of *[name of entity]*, as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3.

We have applied procedures to test *[name of entity's]* compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 19X2. *[List the general requirements tested]*.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments* *[or describe alternative procedures performed]*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on *[name of entity's]* compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that *[name of entity]* had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the audit committee, management, and *[specify legislative or regulatory body]*. However, this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]

**.22 Single Audit Unqualified Report on Compliance With Specific Requirements Applicable to
Nonmajor Federal Financial Assistance Program Transactions**

Independent Auditor's Report

We have audited the general-purpose financial statements of *[name of entity]*, as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 31, 19X3.

In connection with our audit of the financial statements of *[name of entity]* and with our consideration of *[name of entity's]* control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 19X2. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing *[list requirements tested]* that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on *[name of entity's]* compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that *[name of entity]* had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.⁶

This report is intended for the information of the audit committee, management, and *[specify legislative or regulatory body]*. However, this report is a matter of public record and its distribution is not limited.

[Signature]

[Date]

⁶ The following paragraph should be placed after the second paragraph when the auditor determines noncompliance for nonmajor program transactions is pervasive and the auditor is not able to provide negative reassurance.

The results of our tests indicate that, with respect to the items tested, *[name of entity]* complied with those requirements, except as described in the attached schedule. However, the extent of noncompliance noted in our testing indicates that, with respect to nonmajor program transactions not tested by us, there is more than a relatively low risk that *[name of entity]* may not have complied with the requirements referred to in the preceding paragraph. These matters were considered by us in evaluating whether the general-purpose financial statements are presented fairly in conformity with generally accepted accounting principles.

.23 Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs

Independent Auditor's Report

We have audited the financial statements of [name of entity], as of and for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3. We have also audited [name of entity's] compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 15, 19X3.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether [name of entity] complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 19X2, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on [name of entity's] general-purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 15, 19X3.

The management of [name of entity] is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles,⁷ and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories [*identify internal control structure categories*].⁸

⁷ If the financial statements are on a basis other than GAAP, the phrase "generally accepted accounting principles" should be modified.

⁸ Following are examples of different ways in which internal control structure policies and procedures used in administering federal financial assistance programs might be classified. The auditor should modify these examples or use other classifications as appropriate for the particular circumstances on which the auditor is reporting. However, there is no need to present detailed internal control structure policies and procedures, even though test work may be performed at that level.

Activity Cycles

- Treasury or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel

Financial Statement Captions

- Cash and cash equivalents
- Receivables
- Inventory

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.⁹

During the year ended December 31, 19XX, [name of entity] expended X percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

(Footnote Continued)

- Property and equipment
- Payables and accrued liabilities
- Debt
- Fund balance

Accounting Applications

- Billings
- Receivables
- Cash receipts
- Purchasing and receiving
- Accounts disbursements
- Payroll
- Inventory control
- Property and equipment
- General ledger

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Special requirements, if any
- Monitoring subrecipients

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

⁹ If a cyclical approach is used, this paragraph should be modified, and a paragraph that clearly describes the coverage provided for nonmajor programs should be added after it, as follows:

Because of the large number of nonmajor programs and the decentralized administration of these programs, we performed procedures to obtain an understanding of the internal control structure policies and procedures relevant to nonmajor programs on a cyclical basis. Our procedures during the current year covered X percent of the nonmajor programs administered by the City as a whole. The nonmajor programs not covered during the current year have been or are expected to be subject to such procedures at least once during the X year cycle.

[Include paragraphs to describe the reportable conditions noted.]

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.¹⁰

We also noted other matters involving the internal control structure and its operation that we have reported to the management of *[name of entity]* in a separate letter dated March 15, 19X3.

This report is intended for the information of the audit committee, management, and *[specify legislative or regulatory body]*. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

[Signature]

[Date]

¹⁰ If conditions believed to be material weaknesses are disclosed, the report should describe those weaknesses and may state that these weaknesses do not affect the report on the audit of compliance with requirements applicable to major federal financial assistance programs. The last sentence of this paragraph should be modified as follows:

However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of *[name of entity]*, with requirements applicable to its major federal financial assistance programs for the year ended December 31, 19X2, and this report does not affect our report thereon dated March 15, 19X3.

[A description of the material weaknesses that have come to the auditor's attention would follow.]

.24 Unqualified Opinion on Supplementary Schedule of Federal Financial Assistance

Independent Auditor's Report

We have audited the general-purpose financial statements of [*name of entity*], for the year ended December 31, 19X2, and have issued our report thereon dated March 15, 19X3. These financial statements are the responsibility of [*name of entity's*] management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statement of [*name of entity*], taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

[*Signature*]

[*Date*]

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